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An Analysis of the European Community (EC) and Current Business Practices Within the EC.

Gerard J. Hinckley
Lynn University

MASTERS PROJECT

Lynn University, Boca Raton, Florida
Dr. F. Patrick Butler - Advisor

By

Gerard J. Hinckley
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AN OVERVIEW OF CHANGING BUSINESS PRACTICES IN THE EUROPEAN COMMUNITY AND A CASE STUDY OF HOW TWO SUCCESSFUL SERVICE COMPANIES OPERATE IN THE EUROPEAN BUSINESS ENVIRONMENT:

(1) INTERNATIONAL MANAGEMENT GROUP-IMG
(2) GARY PLAYER INTERNATIONAL GOLF COURSE DESIGN

PROJECT OVERVIEW

This graduate project report is designed to fulfill Lynn University's curriculum requirement for a masters degree in International Business Management. The topic selected for this report was *An Analysis of the European Community (EC) and Current Business Practices within the EC.* This subject has been selected due to the importance the EC has in the world's economy and due to the intense study of the EC in Lynn University's International Management graduate program. In effort to investigate current conditions in businesses within the EC, interviews were arranged with the following two European based service companies: International Management Group (IMG) and Gary Player Golf Design (GPD). Both of these companies are involved in building, promoting and / or operating leisure and tourist-related facilities throughout Europe. In particular, each company is involved in golf resort development and golf promotions.

The tourism and leisure business in Europe, according to an article by Catherine Mayer appearing in the July 1991 edition of *International Management*, "is expanding at a rapid rate, and recent changes within the EC will provide more leisure opportunities for Europeans." (1) Louis Bechtel echoes this point in an article appearing in *Across The Board*, which states, "The EC will have an explosion of travel as travel restrictions are relaxed. Also, the drastic price differences found across the continent will be reduced as EC member countries attempt to establish VAT rates at between 4 and 8 percent for basic necessities and 15 to 20 percent for other items."(2) Hence, the sports, leisure and tourism industry was selected as a broad topic for investigation to determine whether, at this point in time, the EC's economic and political initiatives are living up to the expectations of government leaders and European business executives in general. This analysis was performed through a case study investigation of one large (IMG) and one small company (Gary Player Design) which are involved in the leisure and tourism industry. Although it is difficult to apply results from only two companies' operations to the whole of the EC, it is possible to achieve an educated observation regarding the impact that the new EC rules and business practices are having on Europe.

In October, 1993, the following proposal was submitted and accepted by Lynn University and Dr. F. Patrick Butler, graduate projects advisor. Following the acceptance of this proposal meetings were scheduled at the London offices of IMG and GPD for December 1993.

PROPOSED MASTERS PROJECT OUTLINE OBJECTIVES

1. Observe and participate in normal business activities of a multinational firm.

2. Interview key individuals within International Management Group (IMG) and Gary Player Design (GPD) to discuss procedures and planning involved with international business in the areas of marketing, law, currency exchange, finance, new business development, customer service management and business strategy planning.

3. Observe and participate in a new product or service development meeting.

4. Interview key company officials who have worked for other international firms to discuss variations in conducting business throughout Europe.

5. Interview staff level employees concerning the problems and successes of working with a large number of international offices with varied hours of operation and varied staff backgrounds.

All major objectives stated in the proposal were accomplished in the course of my visit to Europe. However, upon my arrival at IMG and GPD's London offices, I received an itinerary which outlined all of my daily activities which included interviews with staff personnel in several departments of the company. The itinerary presented to me did not provide the opportunity to participate in normal daily business functions. However, the extensive schedule of interviews (listed below) provided valuable insight into the way various departments within the organizations function.

MASTER'S PROJECT ITINERARY

Note: Each of the following interviews lasted approximately one hour or more.

IMG - LONDON

Monday 13 December

9:00 am	Introduction
11:00 am	Stephen Keefe - Corporate Accounts
12:00 noon	Frank Madden - Licensing
2:00 pm	Jeremy Palmer-Tomkinson - Event Implementation
3:00 pm	Jonathan Cocke - Legal Division
4:00 pm	Tim Sice - Tax/Financial Management

Tuesday 14 December

9:00 am	Overview of Monday's Events
10:00 am	Edward Kitson - European Golf Design
2:00 pm	Anne-Marie Swift - Information Systems
3:00 pm	Guy Buckley - European Real Estate Projects
4:00 pm	Jamie Cunningham - Golf Client Management

Wednesday 15 December

8:30 am to 12:30 pm	Peter Lewinton - Real Estate Project Management

Wednesday 15 December (continued)

3:00 pm	Caroline Ward - Personnel Services
4:00 pm	Jay Swanborough - Corporate Marketing

GARY PLAYER DESIGN - LONDON

Thursday 16 December

9:00 am to 3:30 pm	Tom Ross and Ian Banner - Golf Course Architects, Gary Player Design

Friday 17 December

9:00 am to 3:30 pm	Tom Ross - Gary Player Design

Prior to my travel departure date in December 1993, IMG requested that I sign a corporate confidentiality agreement. This agreement stated that I would not use to my advantage any information that I might obtain while at IMG's offices that was proprietary in nature, nor would I supply proprietary information to a third party for their advantage. Due to my signing of this document, and a request by IMG executives, no information concerning business relationships with IMG clients and only limited company financial data is discussed in this report.

OVERVIEW OF THE EC BUSINESS ENVIRONMENT

Business operations in Europe are currently in a state of flux. Recent changes in the world's economy and new EC business regulations have caused some of Europe's largest firms to reexamine operating methods and many companies are simply struggling to survive. This situation, coupled with the lingering recession, has made it necessary for Europe's business community to accept new economic realities brought about by the European union and increased international competition.

The European Community (EC), which is made up of France, Great Britain, Germany, Netherlands, Ireland, Greece, Denmark, Belgium, Luxembourg, Spain, Portugal and Italy, has reached agreement on wide ranging issues which will help make Europe the largest common market for goods and services in the world. Reaching far beyond the scope of trade agreements such as the North American Free Trade Agreement (NAFTA), the EC is moving toward complete economic union. In 1993, the EC's Maastricht Treaty was ratified by all EC member nations which paves the way to a common European currency by the year 2000.

TABLE 16-2 *Population, GNP, and Per Capita Incomes for Members of the European Community, 1991*

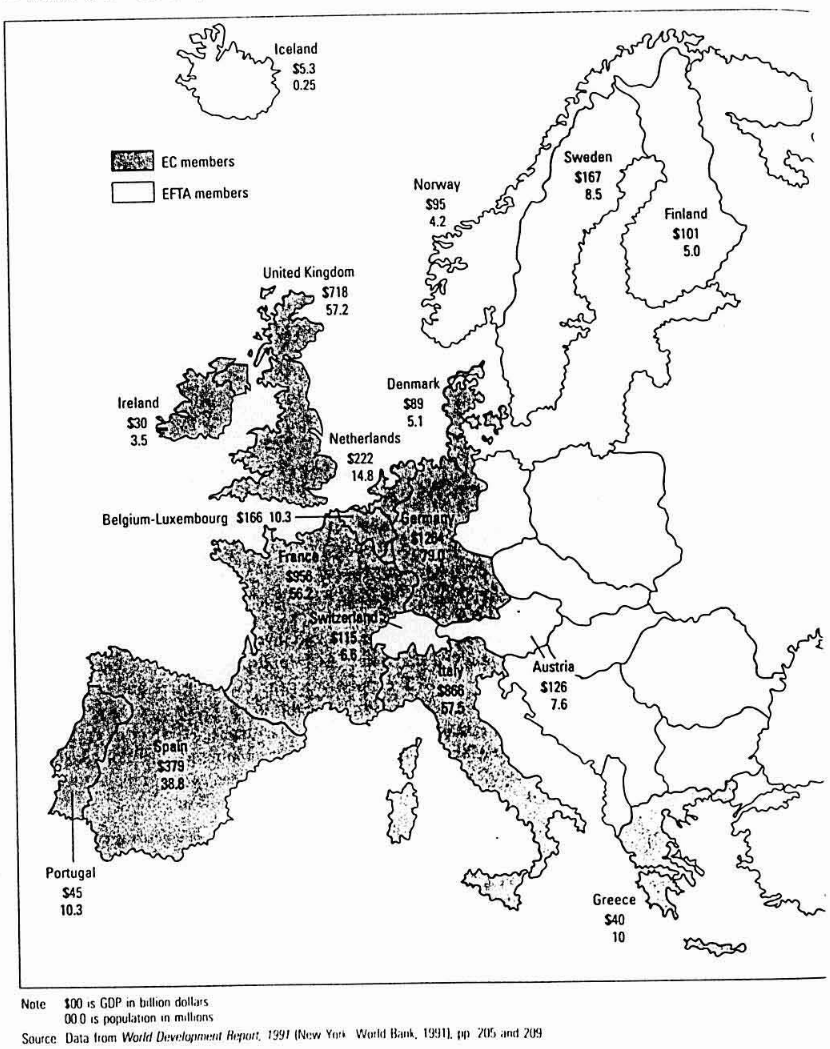
	Country	*Population (millions)*	*GNP ($ billions)*	*Per Capita Income ($ thousands)*
	Belgium	10.0	192.4	19.3
	Denmark	5.1	121.7	23.7
	France	56.7	1,167.7	20.6
	Germany	79.7	1,516.8	23.6
	Greece	10.1	65.5	6.2
	Ireland	3.5	37.7	10.8
	Italy	57.7	1,072.2	18.6
	Luxembourg	0.4	11.8	31.1
	Netherlands	15.0	278.8	18.6
	Portugal	10.4	58.5	5.6
(3)	Spain	39.0	486.6	12.5
	United Kingdom	57.5	963.7	16.7
	Total	350.5	5,978.4	

Source: The World Bank, *The World Bank Atlas 1992*, (Washington, D.C.: The World Bank, 1992), pp. 8–9, 18–19.

The process of European union began in 1957 with the signing of the Treaty of Rome which created the EC. Original members Belgium, West Germany, France, Italy, Luxembourg and the Netherlands believed that by working together as a unit, they could rebuild their economies which were destroyed during World War II and also effectively compete economically with the United States.

European Common Market

☐ FIGURE 13-2 The European Economic Area (EC and EFTA) Takes In Some 380 Million Consumers



Note $00 is GDP in billion dollars
00.0 is population in millions

Source Data from *World Development Report, 1991* (New York World Bank, 1991), pp 205 and 209

The EC embodies many elements which may lead to the creation of a United States of Europe at some future point in time. Some of the most critical elements adopted by EC officials and member countries are:

1. Establishment of the International Standards Organization which is regulating the manufacturing processes and specifications for 10,000 products (ISO 9000) which will be sold or made in the EC.

2. Opening of boarders to inter-EC travel, free movement of EC residents from one member nation to another, and a right to live and work in an EC member nation.

3. Creation of an EC governing body which has intra-European elections in addition to jurisdiction over key EC affairs covered under the Treaty of Rome, including the establishment of certain types of treaties.

4. Establishment of procedures for the creation of a pan EC member currency which will be a recognized form of payment for goods and service throughout the world. This would expand the use of a European Currency Unit (ECU) which is now used only by governments, corporations and banks. The ECU, which is a basket of member currencies, is not in use by consumers in the form of a printed or minted currency.

These many changes offer businesses in Europe a significant challenge. However, a number of companies will likely benefit from new rules on standardization and freer movement of people and products. Otis Port, in the November 1, 1993 issue of *Business Week*, indicates that, "Some firms that comply with International Standards Organization (ISO) 9000 guidelines report savings, and 50 percent of companies expect to recover their costs for changing business practices within three years. Other firms expect a longer pay back period."(4) Martha Peak, in writing for *Management Review*, states, "The recession plagued western European companies are restructuring amidst numerous obstacles. Western Europe is an unattractive venue for doing business because of laws that require workers to be compensated substantially for lost jobs and because of ridged corporate hierarchies that stifle initiative. The EC's competitive advantage lies in its well-educated work force and its excellence in operating across national boundaries."(5) Hence, as the rules of doing business in Europe change to improve efficiency and lower costs, EC businesses should become better able to compete against the United States, Japan and other Pacific Rim Countries.

Europe's economy, although contained within the overall EC economic and political stricture, is highly varied and contributes to the challenges of European business. Not only does the EC have nations with varied population sizes and GNP's, standards of living and cost structures vary greatly as well. As the EC becomes more integrated over the next several years those companies which survived in the past due to government protection will face difficulties as protections are lifted. While the 1992 formalization of the EC was a major first step to creating a stronger Europe, realities exist today which will cause businesses to restructure and retarget consumer markets. The following chart reflects pricing structures for goods and services in Europe and highlights the wide variances which exist. Wide variance of costs suggest inefficient movement of products in the region and / or heavy import and VAT taxes which drive up costs in an uneven manner from country to country.

European Differences

If you want to see how varied Europe's consumers are, just take a look at this table.

	Luxembourg	Denmark	West Germany*	France	Great Britain	Belgium	Italy	Netherlands	Spain	Ireland	Greece	Portugal
Total Spending	116.4	114.6	111.8	109.8	105.8	105.7	104.2	101.5	74.4	59.9	59.7	52.1
Food	105.3	92.7	91.3	114.8	83.8	102.4	121.4	89.2	94.2	85.0	105.0	79.6
Drinks	111.5	126.0	155.9	115.6	79.8	74.6	75.2	105.7	66.2	200.8	61.4	64.2
Tobacco	258.8	124.4	98.2	101.8	100.0	125.8	103.8	112.5	89.9	96.0	154.1	0.6
Apparel & footwear	89.8	89.7	128.4	93.7	109.7	86.3	118.6	101.4	54.2	55.0	59.5	49.4
Housing	87.4	126.7	79.7	94.0	117.5	83.8	112.2	80.0	131.2	51.6	38.2	78.0
Heat & light	222.7	141.3	139.3	101.5	119.6	142.0	78.4	133.6	44.2	68.4	40.0	32.9
Furniture	180.2	110.6	171.8	120.7	72.4	100.7	87.9	112.1	50.7	30.9	23.6	35.0
Household textiles	82.7	119.7	128.8	111.5	73.7	93.5	98.3	71.8	100.1	60.5	105.5	63.3
Home appliances	168.2	101.7	128.5	100.3	132.7	117.3	93.9	81.4	54.0	39.1	48.9	28.7
Other household	98.6	79.7	108.9	117.7	74.5	174.1	118.9	101.5	73.2	50.1	76.1	62.8
Health & Medical	88.4	83.3	130.8	146.8	93.4	128.4	83.7	114.7	45.6	53.2	36.4	31.7
Transportation, vehicles	244.1	133.6	150.4	100.4	113.1	132.4	96.6	99.6	39.3	37.5	17.6	17.2
Transportation, maintenance	190.0	109.3	130.3	123.9	97.6	99.1	84.3	62.3	88.8	50.2	30.7	63.5
Public Transportation	25.9	104.9	75.4	88.9	139.2	46.0	105.4	68.8	93.7	41.8	264.6	34.8
Communications	246.3	155.6	124.7	114.5	81.1	52.6	100.8	185.0	45.0	35.8	178.6	15.1
Entertainment, education, & legal	87.9	152.3	116.7	99.5	112.0	107.5	112.8	114.8	51.5	74.6	42.9	56.3
Restaurants & hotels	83.7	52.4	68.1	100.7	138.4	89.8	105.1	63.7	139.7	8.7	76.8	31.5
Other	155.8	187.3	93.8	109.2	123.0	107.5	115.8	127.5	56.7	45.8	27.2	30.2

Note: *Low indices, in some cases, reflects sales to foreign nationals.* **Prior to reunification.*

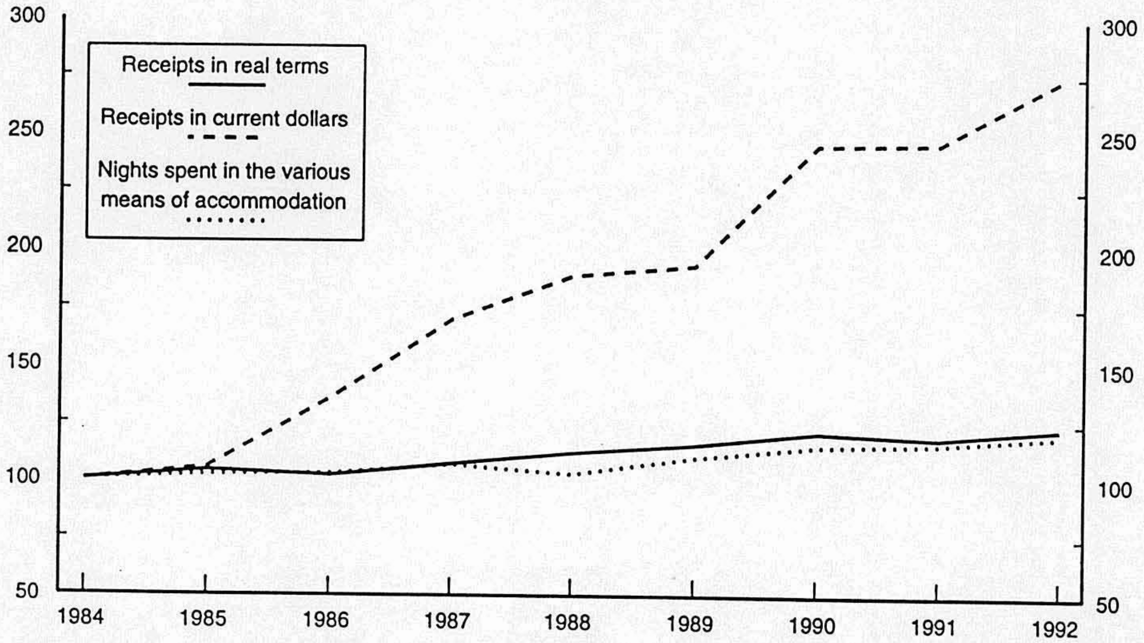
Source: *Donnés Sociales 1990, Institut National de la Statistique et des Études Économiques, Paris, France.*

TRENDS IN THE EUROPEAN TOURISM INDUSTRY

The World Tourism Organization estimates that by the year 2,000 tourism will be the world's single largest industry. The Organization for Economic Cooperation and Development (OECD) indicates in the 1994 edition of tourism statistics , "That of all tourist travel, 60 percent is for leisure purposes. Domestic non international travel accounts for tourism dwarf the estimated 476 million international tourists each year throughout the world."(6) Hence, while many industries in the world face declining markets, tourism appears to offer thriving growth opportunities.

Tourism in EC member countries is an important part of each nation's economy. Although OECD statistics are for the whole of Europe and not the EC alone, the following excerpt from the Tourism Policy and International Tourism 1991-1992 report published by the OECD illustrates the growth of international tourism in Europe.

Trends of international tourism in Europe
(Indices 1984 = 100)



Source: OECD

In terms of international receipts from tourism that following graphic from the OECD highlights the growth in revenues from 1990 through 1992. Note that European nations by-in-large have the highest level of tourist receipts over Asian and American countries.

Table 4. **Tourism balance sheet**
In billions of current dollars

	1990	1991	1992
EUROPE			
Receipts	130.2	130.6	145.8
Expenditure	123.6	123.2	143.4
Balance [1]	6.6	7.4	2.3
NORTH AMERICA			
Receipts	48.6	54.2	59.5
Expenditure	47.7	46.6	51.1
Balance [1]	0.9	7.6	8.4
AUSTRALASIA-JAPAN			
Receipts	8.8	8.9	9.1
Expenditure	30.0	28.9	31.8
Balance [1]	–21.3	–20.0	–22.6
OECD			
Receipts	187.5	193.8	214.4
Expenditure	201.3	198.7	226.3
Balance [1]	–13.8	–5.0	–11.9

1. Minus signs indicate deficits. Due to rounding of figures, balances are not always equal to difference between receipts and expenditure.

An important trend identified by the World Tourism Industry is that according to OECD statistics is that "rural tourism" is rapidly becoming popular with many people seeking less urbanized vacations. Many EC nations are promoting rustic tourist venues to show off the once ignored countryside, as well as urban attractions. Hiking, fishing, camping, bicycling and canoeing are now very popular forms of recreation."(7) Golf and other semi-rural recreational opportunities are also becoming increasingly popular and many regions in the EC and world reportedly are struggling to create the right balance of rural beauty and intrigue and services which large scale tourism industries need.

CASE STUDY ANALYSIS OF TWO EC SERVICE SECTOR COMPANIES

In order to investigate how businesses in the leisure and tourism industry are coping with the changes in Europe today, IMG and GPD were selected as case study subjects for service-based sports companies. Each firm is involved with sports marketing and sports facility development. Each firm maintains offices located around the world, and each has at least one principle office located in Europe. While these two companies do compete directly for certain types of business in Europe, each operates in a much different fashion. IMG currently is the largest sports marketing and sports development company in the world with 48 offices and over 1300 employees. Gary Player Design primarily is a golf course design company and maintains offices in three countries; Great Britain, South Africa and the United States, and has approximately 60 employees when fully staffed.

By analyzing these two companies, one large and one small whose businesses compete to some degree on golf and sports facility development projects, it may become more clear as to how global companies of varying size are working to achieve success in Europe. This case study analysis reflects operational procedures and business trends for real estate related developments in Europe as they relate to sports and residential projects. However, during extensive interviews with IMG and GPD staff certain facts concerning basic operational procedures for each company were gleaned which can be applied to many industries in Europe.

IMG COMPANY PROFILE

IMG was founded in 196O by Mark Hume McCormack when he and golfing superstar Arnold Palmer shook hands and began what is known as the "sports management industry." Today, IMG is the leading organization in the sports management business. IMG's business interests have expanded over the years to include:

- televised sporting event production
- events management
- marketing consultation services
- licensing agreements
- classical arts management and promotion
- international modeling services
- literary promotions and publications services
- financial management services

Other IMG companies which are involved in the activities listed above are: Trans World International (TWI) which was founded in 1966 and is now the world's largest independent source of sports television; IMG Artists which handles orchestral tour and performer management services; and Investment Advisors International (IAI) which provides IMG's celebrity clientele with expert financial guidance which helps to maximize their client's relationship with IMG .

The sports management industry is recognized as one of the most competitive fields in business today. In this competitive environment, Mark McCormack and his IMG staff of more than 1300 associates world-wide are recognized as the leaders in the industry of sport. In Europe, the United States and the rest of the world, IMG is quickly becoming *the* company which must be involved at some level of every major sports or cultural event presented. As an example, IMG's TWI company now competes with media giant BBC and other major networks in producing quality sports and cultural programming for millions of viewers.

Some of IMG's most famous clients include Arnold Palmer, Rolex Watch Company, Chris Evert, Martina Navratilova, Wayne Gretzky, Joe Montana, Andre Agassi, Itzhak Perlman, International Olympic Committee, National Football League, Major League Baseball, Playboy Enterprises and *Elle Magazine*.

IMG is based in Cleveland, Ohio and has a total of 48 offices in 19 countries. IMG's London, England office serves as the company's European center of operations. A complete listing of IMG's office locations is provided in the appendix of this report.

One of the more remarkable facts about IMG is that in 1993, the company managed the production, marketing or promotion of one or more events around the world each and every day. According to IMG events management staff 1994 appears to be an even busier year than 1993.

IMG's combined business operations reportedly have annual revenues of $ 1.0 billion. Marketing, Client Services and Events Promotions managed through the London offices make up large and growing percentage of the company's worldwide revenues for IMG. Management representatives in London expect increases in European revenues for 1994 and beyond. Growth opportunities for IMG in Europe are likely to be in the areas of televised sports productions and promotions. Business sectors which are not showing as much promise for the future include large scale real estate development projects due to increased competition from other firms and high interest rates throughout the EC.

Expansion opportunities into the newly emerging eastern European nations are not as strong as once hoped. However, according IMG real estate development expert, Peter Lewinton, "Poland, The Czech Republic, and Hungary are beginning to develop viable markets for vacation travelers and tourism facilities." Major expansion opportunities within EC member countries have come in the form of corporate mergers and takeovers. As smaller sports management and promotions companies across Europe struggle with increased competition, lack of capital and slow market growth, companies such as IMG which have successful operations throughout the world are able to buy businesses and consolidate their control over the promotion of sport and other events in Europe.

To this day, IMG remains a company which is actively directed by Mark McCormack. Serving as IMG's chairman, president and chief executive officer, McCormack is often seen in several different offices around the world each week. To maximize the effectiveness of McCormack's skills as a corporate leader, an internal electronic mail system is used to link each office as well as provide management with continuous updates on events as they take place.

McCormack has authored several best-selling books on business management and is a sought after subject for financial journal editorials. Perhaps his most famous book published is *What They Don't Teach You At Harvard Business School.* McCormack's continued drive "to be the best," is emphasized to the staff in many ways. From corporate newsletters to personal visits, McCormack always makes it a point to stay close to his business and his clients.

A frequent theme appearing throughout several of Mark McCormack's publications is that in order to succeed you need to have the best people. McCormack carries out this philosophy in all of IMG's businesses since all of them are involved in the planning of events that require exacting organizational skills. Additionally, client management contracts are often won and lost on the basis of staff's attention to subtle detail as well as technical skills.

IMG has successfully recruited staff from around the globe to manage the company's numerous business interests. According to IMG managers in London, the company employs experts in each area of business operations. These experts all have a combination of excellent educational backgrounds in addition to years of practical experience. In addition to its team of highly qualified experts, IMG employs less experienced but talented individuals to assist project managers with assignments. This arrangement allows entry-level employees to gain practical experience which they will use as they advance through the company's ranks.

As IMG prepares for the challenges of the twenty-first century, the company will remain directly influenced by its founder, Mark H. McCormack. Given the recent successes that the company has realized in the areas of sports and event management, IMG's success as a company will allow for future expansion into new markets. In particular, as the EC evolves and Europe becomes a more stable and economically strong center of world trade, IMG will have the opportunity to expand its influence and presence in eastern Europe and possibly Russia. According to Jeremy Palmer-Tomkinson, director of corporate events management for IMG, "the future of Europe as an economic super power is not yet certain, and careful planning will be required in order to succeed in this market over the next several years as events unfold. However, if Europe offers economic opportunity for sport, IMG will likely be the leader."

GPD COMPANY PROFILE

The Gary Player Design Company (GPD) was established in 1983. The company is divided into two basic divisions: the International Division managed out of Johannesburg, South Africa, and the United States Division managed from Palm Beach Gardens, Florida. Each is operated separately and is controlled by two independent management groups. The connecting link between the two organizations is Gary Player who is chairman of each. Gary Player USA functions as a golf development and design firm as well as a club manufacturing company. The International Division has two main offices, one each in South Africa and in London. The GPD London office currently serves as their headquarters for European golf design. The International Division also markets the Gary Player name to endorse specific products such as golf practice equipment, club membership programs and mineral water. Gary Player is also represented by IMG for specific sponsorship and appearance contracts. The International Division is the focus of this case study analysis. Specifically, this company covers the business activities of the London office which is the only European office for the GPD company.

The major function of the London office of GPD has been to provide golf course design and consulting services in Europe. Golf designers such as Jack Nicklaus and Arnold Palmer established offices in Europe in the 1980's to capitalize on the rapid growth of the number of new courses being planned in Great Britain and across the continent. According to the Federation Francais de Golf, "In 1980, western Europe had approximately 2,000 golf courses, and by 1993, approximately 4,000 are operational with many more in the planning stages." (8) The design of golf courses became a "big" business when Jack Nicklaus began to receive fees of over $1.0 million for his designs. Other notable golfers such as Gary Player and Arnold Palmer also command high fees, approximately £500,000 or $750,000. GPD has established itself as the more affordable but still high-quality golf designer in Europe. GPD has projects underway in Spain, Germany, Italy and the United Kingdom. Annual revenue over the past three years have averaged £2.5 million for the entire International Division. Estimates for 1993 showed declining revenues for European operations as fewer new project developers are buying design services from the more expensive companies such as GPD. GPD management in London reports that as EC economies rebound out of the current recession, more golf courses will likely be built as part of resorts and as municipal tourist attractions which will increase the demand for upscale GPD style courses. The recent economic downturn in Europe's golf development business has caused GPD's South African management to make plans to close its London offices. GPD will still be marketed to European clients. However, all design and marketing activities will be handled directly from South Africa. This plan is viewed as a necessary cost cutting measure by GPD management and they believe that the South Africa office can successfully manage business opportunities which present themselves in Europe through the use of locally based consultants and contract employees.

Staff personnel issues at GPD's London offices have in the past been handled in a loose manner since management oversight is directed primarily from South Africa and many people serve as contract workers. Nearly all employees, save support staff, work on projects which require extensive travel. Because of this, lavish office space is not required and employees are allotted small work areas to complete assignments upon return from field assignments. Financial accounts are managed via fax and computer which limits the amount of administrative functions required of the international branch offices. Technological innovations in computers, facsimile machines and air courier services have allowed the Gary Player organization to have an international presence with only a minimal staff. In total, Gary Player Design International employs 60 people in three nations which are thousands of miles apart. Salaries are paid through electronic wire transfer to local banks in the nations where branch offices exist. Major expense items such as rent and other business expenses are run through the South African offices of the company. Ultimately, all funds are transferred into local U.K. accounts. At no time are significant cash assets held by branch offices.

CASE STUDY INTERVIEWS

The following information represents the topics and issues discussed in each of the meetings held at IMG and GPD offices. The goal of each of the interviews was to obtain data which accurately reflects how IMG, GPD and possibly other service-related firms operate in the United Kingdom and Europe.

Staff Interview Analysis - IMG

In each interview a company staff representative was asked a series of questions. Prior to conducting the interviews several questions for specific topics were prepared in advance. Due to the length of the interviews, much of the information extracted during the interview process was the result of posing simple questions on a particular topic or issue and recording the interviewee's response. Therefore, no standard format of questions was used for any the interviews conducted.

Accounting Practices For European Multinational Firms

Stephen Keefe - IMG

IMG operates on a fiscal year (January through December), yet many companies in the EC use the month of September as year end. At this time in the United Kingdom

(UK) and Europe the choice of selecting when the company's year begins and ends is up to the management. As EC rules on business practices evolve, there is a good chance that companies may be required to run accounts in the same manner.

Companies in Europe typically favor paying personnel in the currency of the country in which the work is performed. Many American companies operating overseas do promote the use of favorable tax loopholes for U.S. employes by diverting some of their salaries to America, thus avoiding some tax payments in the nation where the person is employed. For example, as far as IMG is concerned, all employees, whether British citizens or not, are to be paid in pounds if employed in the London office and francs if employed in the Paris office. Only on rare occasion have exceptions to this rule been made. It is important to note that most countries in Europe have a Value Added Tax (VAT) system in place. Companies in the EC do not pay a VAT for personnel which is of major importance since service related companies often operate with little physical inventory due to the nature of the services provided. However, the value of the services contracted can be significant.

IMG and many other EC service related companies are familiar with accepting foreign currency as payment for services rendered. However, a general rule for most companies is to accept only major convertible currencies. Companies throughout the EC rarely get involved with currencies that are pegged to major currencies. IMG and many other companies in the sports industry often do not hedge payable and receivable positions through forward contracts, currency futures or options contracts. Often, service related contracts are too small to make hedging practices possible. Many companies often use floating currency balances within bank accounts that can be used to store money in the case of an emergency. In the event that a currency should fall in value in relation to the home currency, the money could remain in the account until the value improves. The rising and falling nature of several non-fixed currencies in the EC tends to balance gains and losses. Another feature of accounting employed by IMG and other firms headquartered in EC nations is that no major assets are stored by the branch offices. This reduces the potential for asset value fluctuation due to shifts in a currency's value.

IMG and many service related companies offer tax retirement plans. IMG's corporate pension plan is similar to those offered in the United States and Canada. For an IMG employee to become eligible for participation in the plan, the employee must work at the company for one year. All monies contributed to the fund are taken out and invested pre-tax by the employee, thus providing a tax deferred savings plan. Under the plan's current rules, IMG as a company contributes four percent of an employee's salary to the pension plan if the employee has worked less than five years. The amount contributed to the employee's pension plan by IMG increases as the years of employment increase. A maximum of eight percent of a person's salary will be made to the plan at no cost to the employee. Employees are eligible to contribute an additional three percent of their own salaries which will be matched by IMG. By all accounts, IMG's retirement program is generous and is not typical of companies in the EC.

Financial budgeting and planning is achieved by using two-year forecasts. The budget planning process allows management the ability to readjust forecasts as business opportunities become more clear. In establishing budgets for departments, the usual practice is for sales teams and departments to submit budgets for management's approval. Overall, the budgeting process involves all layers of company operations and requires personnel to investigate potential sources for business so that resources are available to meet the upcoming business needs. Many service related firms in the U.K. and Europe perform financial budget planning methods similar to IMG. IMG does have increased challenges in that the company's overall planning process involves many branches and many economic conditions.

"The general view of the recent changes concerning the EC and corporate accounts is that more talk than action is occurring," according to Stephan Keffe of IMG. "Companies that are familiar with operating in an international environment and use up-to-date accounting systems should have little to fear from proposed EC regulations. Only those companies which fail to keep accurate accounts of business transactions and stray from generally accepted accounting principles will have trouble. The one major change that could necessitate significant restructuring for companies would be the implementation of a common currency in Europe. Most professionals in the accounting field feel that it will take 20 years or more for agreements on a European currency to be adopted. In the mean time, however, the dollar will continue to remain a major trade currency in Europe for the foreseeable future."

Licensing Practices For The European Market
Frank Madden - IMG

IMG is the largest independent sports personality and events licensing company in the world today. IMG's activities extend beyond representing celebrity clients in negotiations with companies. IMG is also involved in licensing sporting events, governing bodies of sport, i.e. Major League Baseball, and fashion designers. Some of IMG's licensing clients include: Wimbledon, University of Oxford, The British Open, America's Cup Racing and Dennis the Menace Cartoons. IMG believes licensing to be one of the better areas of market expansion in the future as communication technologies continue exposing the world to more fashion and lifestyle trends from around the world.

Rising competition in the business of international trade makes licensing a natural and cost-effective first step when a company seeks to expose a name or product in a new market. Licensing appears to be an excellent vehicle for many U.S. companies wishing to set up foreign operations. Given the high fixed costs associated with setting up offices and hiring staff abroad, licensing agreements using commission agents are the most cost-effective route to profitability. Once a product or label has attained a high level of commercial viability, direct sales and manufacture of products are recommended.

Parallel imports are a major problem for U.S. companies now operating in the EC. Many licensing agreements given within the U.S. are with individuals that have no intention to sell products in the home country. Rather, these companies ship products directly to retailers or trading companies throughout the world. The result is that a highly valuable foreign license for a product or label is undercut by a local manufacturer or agent.

Licensing agreements should be scrutinized carefully to avoid parallel imports as much as possible.

According to IMG's Madden, "other problems that are occurring in the EC at this time for manufacturers include the counterfeiting of products and the failure of privacy laws to protect a person's likeness or image. Privacy laws in the U.S. enable sports personalties to protect their "image", from being reproduced in various forms for commercial gain. In the EC this is not the case. It would not be considered a violation of the law for a company to produce a wax candle figure of Arnold Palmer to sell to the public. Counterfeit products cost companies millions each year and varied levels of respect for trademarks are given across Europe. In France, the trademark is not as formidable of a barrier to a person wanting to copy an item as it might be in Germany. Remarkably, EC laws and national laws on counterfeiting are similar, yet cultural practices dictate certain behaviors. The inconsistencies of trademark regulation and enforcement among EC countries have created a problem and attempts are being made to standardize enforcement procedures."

Trade regulations in the EC are very strict. Long standing traditions of independent regulations of quality and standards have given way to a strict set of trade procedures (i.e.. ISO 9000). Today, companies that manufacture electronics, whiskey or plastic toys must use specifications and processes approved by EC commissions which are designed to integrate the EC's economy through standardization. The process of standardization is also designed to improve quality. Companies trading in any of the 12 EC nations must be prepared to hire local trade attorneys to intervene in problems that may arise. As EC regulations are implemented, the trade of manufactured goods will become more efficient. However, the transition period between now and the year 2000, when many of the proposed changes will take place, will be turbulent . Companies can avoid some of the shock that may come from the upcoming EC rule changes by licensing the manufacture of products to local producers.

Corporate Event Management

Jeremy Palmer-Tomkinson - IMG

IMG as a company has been involved in event promotion and management since the 1970's. During the early years of event management, golf tournaments and promotional outings comprised the bulk of the company's activities. By the 1980's, tennis events had also become a major source of business for IMG. As IMG's sports client list grew to include such high-profile players as Chris Evert and Ivan Lendl, the need for a formal events management department at IMG became apparent.

IMG's philosophy for operating events is not to generate profit that is reflected in the department's revenue stream. Instead, the department's goal is to provide expertise to ensure that an event is well planned and effectively executed in order to meet organizer's goals and objectives. For IMG, the better managed an event is, the more easily TWI, IMG's television division, can create exciting and attractive shots for viewers to enjoy.

Event planning and management is a challenging field of business in Europe today. Greater media exposure of international events has created a high standard of excellence which must be followed each time IMG is involved with a project. While technological developments have enabled TWI to televise events in many countries worldwide, local customs concerning labor, tastes and budget constraints make each tournament or engagement a unique challenge. Thus far, the European Economic Union has not impacted the events management business to a great degree. Local nations still retain strong national characteristics, such as: Italians enjoy vast assortments of food and drink at events; the French view major sporting events as high-class social events; and in Germany, event sponsorship is a highly sought-after medium for marketing a company's image and products.

European reaction to the current recession has been mixed depending on the country in question. The U.K. had seen the impact of the recession earlier than most nations in Europe. Because of that, the British were not surprised when the rest of the EC found itself in the throws of economic decline. France and Italy have been particularly hard hit by this recession and changes in governments have occurred. German reunification and the high cost of labor have held the German economy in check. The result of the economic slowdown is that Europeans are more selective about which events they will attend. The resulting pressures put upon events organizers have caused several events management firms to leave the business. Those firms remaining must offer top-quality service and value to the public.

In order to meet growing client expectations select groups of suppliers are often sought for multiple engagements. By developing long-term supplier relationships for events management, rather than using proposals for team selection on an event by event basis, greater quality control can be achieved in the many regional environments where the events must be staged. Also, cost savings can be achieved since suppliers can build profit into several assignments instead of just one or two. As ISO 9000 regulations begin to take effect throughout the EC, more long-term team building can take place since building, legal and supply specifications will be uniform.

Business Law In The EEC

Jonathan Cocke - IMG

In order for multinational companies to be successful in the EC, they must know both current EC law and the law of the country where they intend to do business. Unfortunately, EC and national laws do conflict at times . It will take several years for all aspects of EC law (ISO 9000) to work through national court systems in Europe. Then, and only then, will the EC and national legal systems work in tandem. However, until that time, the law may increasingly become a major source of problems for certain businesses.

Legal issues are likely to arise in situations in Europe when parties become unsure of their rights or protocol of an agreement. Knowing this, legal problems can be avoided by first discussing carefully all aspects of the business' relationship, and second, by having all agreements in writing. "Typically, EC companies have fewer problems with law suits than in the United States," according to IMG's Jonathan Cocke. "Both European national and EC law provide for more procedures for negotiating a settlement than in the United States. However, in relation to service businesses where intangibles are often the products sold, legal questions can arise." In the case of IMG, the selling of endorsements is problematic. Often, when intangible services are bought and sold, the issue of contract compliance can become cloudy. If differences of opinion arise between parties of an agreement, the following procedure is employed by many EC based companies:

1. Meeting Scheduled
2. Identify Issues
3. Answer Each Claim
4. Make Proposals for Solution
5. Weigh Chance of Success In Court
6. Make Final Offer
7. Proceed to Court

source: IMG 1993.

When preparing business agreements in the EC, basic contract law statutes will apply universally between businesses. Companies typically do not have to prepare special documentation or protect themselves any more than they would in a non-international business agreement. One major factor to consider when dealing with foreign clients is that businesses should not accept exclusive jurisdiction constraints. Exclusive jurisdiction constraints limit the liability of a defendant to those assets in which the contract was initiated. A better protection for business is to insist that you are able to make claims against assets where those assets are located.

Author Linsay Harrow states in the August 1993 edition of *CA Magazine,* "European law firms are expanding their presence in a single market through office networks or as a member of a European Association. Two legal giants, Clifford Chance and Touche Ross, have opened offices across Europe to provide either domestic or cross-border services or both. On the other hand, smaller organizations financially limited to open their own overseas offices have opted to join associations which enable them to provide clients with outside expertise and to help European companies with legal services."

(9) Hence, as Europe's economy and political institutions become more integrated, legal firms and associations are reacting to new opportunities for providing services for expanding EC companies.

PERSONAL & CORPORATE FINANCIAL PLANNING

Tim Sice, IMG

IMG's financial management division works to promote the wealth of its clients in a variety of ways. Celebrity clients who are under contract with IMG have at their option financial management services which can be designed to meet desired rates of return on investments. IMG also offers financial management services to non-celebrity clients as well.

"The financial management services industry in the EC has a similar level of sophistication with the United States," according to IMG's Tim Sice. Various procedures must be followed in Britain and throughout Europe in order for an individual to be considered as qualified to serve as a financial planner. This process is similar to those mandated by the U.S. Security Exchange Commission. One unique feature that is added to the daily routine of EC financial planners is that they must be expert on tax ramifications concerning investment strategies for each nation where they have clients or hold investments. For example, tax levels vary from being very high in Sweden and Norway to being very low or nonexistent in Monaco. Varied legal issues confronting clients with international investments requires close consultations with legal advisors regarding the latest changes in laws which will impact a client's portfolio.

A unique aspect of tax planning in Europe is that tax havens exist where clients can shelter income. Monaco is one such example. Monaco is a place where individuals can establish residency and avoid paying taxes. Unlike the United States, EC nations do not require their citizens to pay tax if they earn the money abroad and establish residency abroad. According to IMG, tax havens of this sort are extremely popular with very influential people and are likely to remain despite new EC financial rules which encourage all nations to adopt similar tax policies to promote uniformity.

In an article written for *Benefits Quarterly*, authors David Sloss and Ross Russell indicate that "the current situation in the EC is giving more leverage to investors of pension plans through the creation of a Pan-European investment market. However, until tax policies and cultural issues are resolved, it is unlikely that a Pan-European pension fund will come into existence."(10) Investment management of multinational assets by financial experts will continue to be required, since Pan-European funds are not likely to be introduced which would link investments for pension funds across borders in a uniform manner in the near future.

Overall, recent changes in EC regulations covering tax harmonization have helped make financial planning a bit easier. However, EC rules have also made certain practices more difficult. IMG's clients continue to seek high returns with limited risk. With fewer and fewer national tax and investment loopholes to exploit, investments must be reallocated into new ventures. The long-term view of IMG financial planners and others, is that EC rules and regulations will be good for the industry. As the public becomes more trusting of a Pan-European financial world, new capital sources may become available which will propel markets higher. In the near-term, however, the new rules to be brought forth by the EC will complicate the investments industry as old practices are replaced by new ones.

EUROPEAN GOLF COURSE DEVELOPMENT

Edward Kitson - European Tour

European Golf Design is a joint venture project between IMG and the PGA European Tour. The goal of the new organization is to provide IMG and the Tour with a successful partnership to develop high-quality golf facilities across Europe and elsewhere. This partnership should have continued success due to the talents of the design staff coupled with IMG's marketing and promotions management of golf client architects and consultants. Presently, golf stars Nick Faldo and Bernard Langer are involved with the design of golf courses that are in the planning stages or are under construction.

Golf development in Europe differs from the United States in several key areas. Most importantly, the public in many countries are just now taking up the game for the first time. Also, development costs tend to be slightly higher. Golf development costs for major earthwork and the irrigation systems in Europe typically range from £1.5 to £2.5 million. According to Kitson, "Equipment costs for golf courses in Europe are significantly higher than in the United States ($200,000 to $300,000 for an 18-hole course). European equipment inventories generally reach the £300,000 level. Hence, golf course development in the U.K. or on the continent may reach the £4.0 million level without land costs." The result is that a wide gap has emerged between the quality of courses being built. On the low cost side, farmers and land owners are converting property with minimal feature work to serve as a golf course. In most instances these low budget courses charge relatively low fees, £20 to £30. On the high side, resort properties and private clubs are typically spending lavish budgets to attract a targeted audience of wealthy families. Because golf is a considerably new game to many markets in Europe, the upscale resort that attracts a wide range of customers from many countries appears to be leading the way in terms of top-quality golf development. Several markets such as Brussels and Berlin are booming with course projects planning to be private country clubs for the wealthy.

The golf / real estate development concept has not yet taken root in Europe as it has in the United States. Second home buyers reportedly are willing to pay only a seven percent premium for a golf course lot. However, if a resort or second home real estate development has a quality course, the balance of the homes does tend to sell more quickly than those developments without a golf course. It would seem that Europeans like to have golf available to them, but it is not a major priority to live on a course.

According to recent golf statistics developed by DRT Research International, Europeans' desire to play golf diminishes markedly when fees reach the £50 level. The same could be said of the United States, except that with Europeans, the level of expense relates more to players' lack of commitment to play at any price, while in America, the competition and availability of courses tend to keep prices in balance with course quality.

Development restrictions are becoming increasingly difficult to work with as EC and national development regulations are rigorously enforced. Germany leads the way with development restrictions followed by England, Sweden, Spain, France, and Scotland, Italy, Ireland and Portugal. These countries are mentioned only because they contain 90 percent of Europe's golf development activity. At present, golf projects for eastern Europe are experiencing difficulty in finding investors due to low expected returns on investment.

A number of companies are stepping forward and making proposals to the EC in order to create a set of guidelines which would formalize the process of golf / real estate development and planning in the EC. While a number of elements contained within these proposals will improve development standards, many proposed regulations would lead to certain companies receiving special advantages. As proposals are adopted in the EC as law there is a great potential for qualified companies to be excluded from certain aspects of project planning and development. This, overall, will lead to less competition in the European market.

COMPUTER INFORMATION SYSTEMS

Anne Marie Swift - IMG

IMG's information systems department provides the company's London offices with computer expertise and programing support. Because IMG's operations are located in a number of nations and because events are managed around the world, it is necessary for IMG staff to have state-of-the-art computer technology available to allow the business to function at its highest rate of efficiency. To ensure that this is always the case at IMG, the department's role also includes training personnel in the systems and software that IMG uses. Overall, the functions of the Information Systems department are very similar to the functions of like departments in the United States.

As important as computers are to the IMG London office today, computers will play an even larger role in the future as all offices will become networked. Currently, IMG headquarters in Cleveland keeps track of daily events through an electronic mail system that connects each of the company's 48 world-wide offices.

IMG currently uses IBM machines and Microsoft Word and Excel programs. IBM is considered the leader in office equipment in Europe at this time. All purchases are made through local European distributorships rather than a central buyer in Cleveland or London. Computers are replaced on an as-needed basis, as new software and memory requirements emerge for computers.

The use of computers in European offices varies from country to country. According to Swift, "In Paris, executives reportedly do not want to be perceived as being secretaries and they do not wish to have their own computers. However, in Germany, executives are regularly found using computers for a variety of tasks."

As a rule, computer use is increasing at a rapid rate across Europe. Former Soviet block nations such as Poland and Czechoslovakia are just now adopting computers as a necessary part of business activities. As economic fortune for eastern European nations increases, the use and acceptance of computers and information systems will become more and more widespread.

REAL ESTATE DEVELOPMENT IN THE EC

Guy Buckley - IMG

IMG 's Real Estate Division is involved in the planning and development of projects throughout the world that involve IMG clients. As part of IMG's strategy of being involved in all aspects of sports, real estate developments provide the potential of offering a high-quality venue which can feature IMG sport celebrity clients and others. Also, the client / celebrity aspect of IMG's operations is maximized through real estate developments where a sports figure such as Nick Faldo designs the championship golf course.

Golf and other types of real estate development projects take months and sometimes years to be completed. Delays are caused by extreme permitting requirements, financial constraints and market feasibility issues. Because some golf course related real estate developments take up to five years to be completed, it is impossible to accurately plan a market's strength or weakness. According to Buckley, "The recent Disney fiasco is a perfect example of a concept that was born during a time of prosperity and is dying during the current recession. In the 1980's, it would have been impossible to have predicted the extent to which the current European recession has crippled the economy. Such delays drive up costs for high-quality projects beyond feasible limits. A full seven of ten golf real estate projects which opened recently in Belgium are bankrupt and more will fall if the recession continues."

New EC rules for project development and approvals will likely take some time to effect the process. European governments have reportedly perfected the "art of bureaucracy" to the point where new projects are truly gambles with only a minor chance of achieving success. Unless the level of bureaucratic red tape is reduced by the EC and national governments, large scale golf / real estate projects will not be feasible.

CLIENT MANAGEMENT

Jamie Cunningham - IMG

IMG, as mentioned earlier, is the world's premier organization for sports personalities. Specifically, IMG's golf client listing is a *who's who* of professional golf. The responsibilities placed on IMG are great, since it is up to IMG to see that the client reaps the maximum benefit of their fame while it lasts. In the case of skiers and tennis stars the length of careers can be only a few years.

The advent of the EC has not impacted the business of sports management to a great degree. Subtle differences in advertising styles and popularity levels of particular sports personalities still play a major role in how a client is marketed or what products or services they will be asked to promote.

All major marketing mediums are used to promote IMG clients through product or company endorsements. Television is quickly becoming a major force in commercial advertising as more homes now have television sets and more private companies have started offering new programing alternatives. Sky Television and IMG's TWI are two such examples of new companies expanding service to viewers across Europe. As the European television industry matures, new EC regulations on broadcasting rights may make it harder for foreign based companies to tap into the large EC market for advertising revenues.

PROJECT MANAGEMENT AND DEVELOPMENT-GOLF PROJECTS

Peter Lewinton - IMG

IMG is moving into facility management. One such example is the Stockley Park Golf Club. Stockley Park represents a unique golf concept in Europe since the course was built on top of a landfill that had served London since the early 1800's. The golf course was built as part of an agreement negotiated between the local municipality and the developer of the surrounding office complex. After the course was constructed and given to the municipality, IMG and the PGA Tour came forward with a proposal to operate the course. Because municipalities in the U.K. are not permitted to operate leisure services, IMG was able to establish its first golf management operation. Since June 1, 1993, the course has hosted several small-scale golf events such as the Mark McCormack Challenge where British Open and Masters Champion Nick Faldo made a special appearance. During the first season of operation the course expects up to 25,000 rounds. This facility represents one of the few affordable golf venues near London and financial projections forecast profitable years ahead.

In recent years, Europe has experienced a major boom in the number of courses developed. Spain, France and England have each had substantial increases in the number of golf holes both public and private. In the Berlin area, 78 projects are in the planning stage of development. Most projects will not be completed due to financial problems or regulatory permitting problems. This high number of projects reflects the speculative nature of some markets that exists in Europe in regard to real estate and sports developments. A major problem for many of theses developers is that substantial funds must be invested in the planning stages. Hence, if the market changes to make the project not feasible, the client is compelled to continue due to the amount of capital invested that cannot be retrieved. This type of circumstance, unfortunately, is becoming more commonplace and many projects are going bankrupt.

One strategy that is now being employed for several golf and sports related real estate projects is to *phase* the development of various amenities. Only when financial stability is attained for the project during the initial phase will later phases be added. This strategy also allows project managers to react to market changes during the projects' development phase.

As IMG completes its first few large-scale projects in Germany and Belgium, which include sports clubs, golf courses and real estate sales, IMG's other business interests will be matched to allow the facilities to host golf and other events which will enhance the project's long-term prestige.

The business of golf in Europe appears to be in a state of flux. Western European nations have begun to embrace the game while participation in the east remains weak at best. As the number of courses increases, people of many income levels will have the opportunity to learn the game. One difficulty facing the game is that cultural differences impact the amount of play to which a person may be willing to commit. In France, where over 50 new courses have opened in the past two years, golf participation has not yet reached the level where local markets alone can support most courses. Time spent with family remains an important part or French life and the individual nature of golf does not allow for family participation. In Germany and Scandinavia, golf is considered a sport and not a life-style. Golf in these nations is a family affair, and it is not unusual to see entire families playing golf together.

Key variables which lead to success for golf and other sports developments are: a site must be located within 30 minutes of a major metropolitan area; demographic studies of a market must show that incomes of households reflect populations that can afford the service to be offered; and development costs must be kept low to allow owners to charge the lowest possible fees to attract new customers. If projects lack any of these elements, the facility, whether golf or tennis or otherwise, will likely fail to meet financial projections. For tourist markets the formula for success in Europe is essentially the same, except that successful resort facilities tend to do particularly well in warm sunny areas such as Spain, Portugal, Italy and the south of France.

EC regulations and efforts to change how Europe functions economically will impact real estate developers a great deal. Europe currently has very high social welfare costs which is driving up business costs and slowing economic growth. As social costs are relaxed to compete internationally many people may lose jobs or experience reduced incomes. However, in the long-term Europe's economy should grow significantly, creating new jobs in new industries. Only when the economies of Europe emerge from the current recession will real estate projects return with the force that was seen in the early 1990's.

PERSONNEL MANAGEMENT

Caroline Ward - IMG

IMG's personnel department functions as the central point for employee records and employee relations. The post of personnel director in the U.K. and Europe is similar in nature to the same post for service companies in the United States.

The personnel department handles IMG's employee records, recruitment, payroll contract, benefit packages, pension plans and implements procedures for filing grievances and employee firing.

The U.K. has in place an unfair dismissal law whereby a person cannot be fired from the job if that person has worked for the company for two years. If an employee of more than two years was to be fired, a formal procedure of warnings has to be given. Hence, a number of employee review processes are often established during the employee's first year to determine if a person is likely to work out in a position.

An example of a standard personnel manual for employees of a service business functioning in the United Kingdom is provided in the appendix. Several portions have been deleted to protect the confidentiality of certain information concerning IMG employee benefits.

MARKETING SERVICE BUSINESSES IN THE EC

Jay Swanborough - IMG

IMG at present does not have a basic marketing strategy that applies to the entire company. The nature of IMG services is to respond to the market in order to enhance client wealth, explore new product markets and maintain a level of excellence for any field a client may enter. IMG's services are not tangible, and therefore, it is more difficult to create a specific marketing program.

IMG's success as a company across Europe has been due in part to the fact that sport is understood and appreciated by all cultures. However, within different nations, different mediums are used to promote an event or a client or product. In western Europe, television is quickly becoming a major advertising force. As government regulations on programing are made obsolete by satellite technology, more advertising revenue will be generated through television. In many other areas of Europe, newsprint, radio and billboard advertising are used to convey messages for clients. This variety of markets and technological sophistication across the EC requires careful study before marketing programs are launched.

Although IMG does not market itself as an entity with a product, the company does market its services through highlighting examples of satisfied companies or clients. The following excerpt from IMG promotional materials illustrates the method by which the company is promoted.

INVESTMENT ADVISORS INTERNATIONAL


Nick Faldo


Chris Evert


Andre Agassi


Jim Courier


Monica Seles


John Havlicek

TI GROUP M.A.HannaCompany

TIMEWARNER

GOODYEAR Whirlpool CORPORATION

FINANCIAL MANAGEMENT FOR THE 1990'S AND BEYOND

CLIENT FINANCIAL

INVESTMENT ADVISORS INTERNATIONAL, the financial advisory company of the International Management Group of companies (IMG) headquartered in Cleveland, Ohio, was established in 1974 to serve the financial needs of IMG's client list. This list is composed of many of the world's greatest athletes. During the past 20 years, IAI has expanded to provide comprehensive investment management and financial planning advisory services to leaders in American industry, medicine, the media, entertainment and other high profile executives. IAI also represents several large corporations, which have selected the company to provide financial planning services to their top officers.

IAI manages over $100 million in personal and institutional assets, with additional advisory services rendered on assets approaching $1 billion.

In addition to the U.S. headquarters in Cleveland, Ohio, IAI now has a presence in Los Angeles, California, offering full-service investment management capabilities. IAI presents its clients with the opportunity to achieve real wealth over time, while consistently operating under an approach designed to reduce volatility of investment performance.

In Europe, IMG's investment management and advisory services are provided through Marksmen Financial Management, with the principal operations located in London and Monte Carlo.

IAI CORPORATE PHILOSOPHY:
STABLE LONG-TERM WEALTH MANAGEMENT

*The corporate mission of Investment Advisors International is to provide its clients with the avenues to reach their financial goals through utilization of a conservative, long-term approach to wealth accumulation. IAI's **investment philosophy** is to achieve significant participation in market appreciation during periods of healthy investment returns, while at all times maintaining a generally defensive posture so as not to expose investors to undue levels of market risk.*

INVESTMENT MANAGEMENT SERVICES

The first step in IAI's internal investment process is to develop a keen awareness of the characteristics and needs of our clients. Design and implementation of a custom-tailored approach to wealth accumulation and maintenance are the primary focus of IAI.

Once we have developed a highly confidential understanding of the client's goals, means and special circumstances, a long-term, multiple-asset approach to portfolio management is initiated to best achieve the desired results. This course of action includes evaluating many familiar investment alternatives, such as equity, fixed-income and cash equivalent securities. When appropriate, non-standard vehicles (including the possibility of multi-country investments) are considered in order to assemble a desirable portfolio structure.

Purchase and sale transactions are conducted through major domestic and internationally registered broker/dealer organizations and are negotiated at favorable commission rates.

FINANCIAL PLANNING SERVICES

The services IAI offers include:

- Financial Planning
- Asset Allocation Based On Individual Characteristics
- Investment Analysis
- Tax (Federal, State, International)
- Estate Planning
- Insurance (Life, Disability, Property & Casualty)

The process includes:

- Identification of Goals and Objectives (Long and Short Term)
- Preparation of Detailed Personal Management Reports
- Monitoring of Personal Financial Progress

IAI provides:

- Highly-Personalized Team Approach
- Regular Client Communication (Meetings, Phone Conferences, and Reports)

source IMG 1993

RESORT DEVELOPMENT IN THE EC

Tom Ross - GPD

Golf course design in Europe is a difficult and challenging business today. National environmental regulations are extremely difficult to overcome. In Germany, environmental delays can cost a project millions of dollars. The result of environmental restrictions makes investors in golf and large real estate projects demand high rates of returns from project owners. Often, market fluctuations cause projects to run into financial problems. Ross reports that "Many real estate projects across Europe are now in bankruptcy and are awaiting resale." According to Ross, the nations with the most stringent environmental restrictions against golf course construction and other large real estate projects are:

1. Germany
2. Sweden
3. Denmark/Holland
4. Austria
5. Switzerland
6. Belgium/Luxembourg
7. Great Britain
8. Ireland
9. France
10. Italy
11. Spain
12. Portugal

Source: Tom Ross Gary Player Design 1993.

Ross contends that "Eastern European nations encourage development of any kind and do not require strict adherence to the west's environmental standards at this time.

However, government red tape and a lack of a strong local economy makes eastern Europe an unattractive investment at this time for upscale project developers."

Very real differences exist in Europe concerning the development of real estate projects and golf courses. At one extreme, large developers tend to finance projects that take years to complete and often target upscale customers. At the other extreme are the single entrepreneurs who, by the seat of their pants, build a few homes or apartments with little if any financing. Golf course construction often occurs in this manner. Surprisingly, small self-financed developers often are more successful at completing projects than their colleagues who plan large scale projects. Ross indicates, "What is lacking in Europe are companies that have the skills and financial resources of large organizations, but possess the efficiency of small do-it-yourself contractors. Europe has yet to achieve levels of efficiency now existing in America in terms of labor productivity and planning success."

GOLF DEVELOPMENT TRENDS IN THE EC

Ian Banner /Tom Ross-GPD

New EC regulations on the environment are having significant impact on projects now in the planning stage. Accounting firm Touche Ross has proposed that in order for a course to be built in the EC, that an economic feasibility study should first be conducted by them to determine if the project will be successful. Several companies are proposing such legislation to the EC's governing body which would give them favorable preference in awarding work contracts. The danger for European developers is that some of these self-serving proposals may actually be adopted. The effect of EC regulations will also be felt by the "pro" development nations of Spain and Portugal, as Germany's influence on EC laws will bring less developed nations closer to Germany and northern Europe's level of environmental standards.

The removal of travel barriers for EC member nations has meant that workers are now more free to travel abroad which allows project managers to import skilled labor if none can be found locally. Ross reports that "Irish workers are becoming popular with construction firms since wages are lower than standard northern European wage scales and they tend to have a good work ethic."

"The long-term view concerning golf course construction and large-scale real estate development is positive in the EC in general," according to GPD officials. As Europe moves closer to becoming "the United States of Europe," the economic power of the market will create more dynamic growth in industry. The EC's grand vision of the future will be difficult to obtain, however, especially in the area of a unified currency. Many Europeans still seem to feel they can have the benefits of the EC's open markets, but without relinquishing national powers.

CASE STUDY CONCLUSIONS

The professionals interviewed at both IMG and GPD have indicated that the formation of the EC has indeed caused businesses in Europe to adopt new strategies and follow new rules which will ultimately bring Europe closer to complete economic and political union. IMG officials indicated that in general, businesses involved in exporting products or services are in favor of EC reforms. Those businesses who in the past have had protection from competition by governments, do not favor EC policies. Irregardless of the type of business, the lingering recession of the early 1990's has dimmed the hopes of many European executives concerning immediate benefits brought about by the unification of Europe in 1992.

Change is occurring in the leisure and recreation industries in the EC and in most other industries which should increase Europe's economic strength. This change has some negative aspects given that many EC companies are now being granted more freedom by once liberal minded governments to reduce work forces and become more competitive. High unemployment rates in EC nations such as France and Germany have caused tensions between governments and voters. Data obtained through company interviews and trade publications reveal that EC rules for standardization are successfully shaping companies to become more efficient which will help European companies compete more successfully with efficient U.S. and Japanese firms.

While executives interviewed during each of the two case studies indicated that EC rules and regulations were impacting business in a generally positive way, several stated that some original projections for making Europe a "lean competitive Euro-economic machine" were overrated. Tom Ross of GPD indicates that "Europeans have mastered the art of bureaucracy and they will have a hard time changing from a system that provided a large social security safety net while allowing workers months of vacations and many other benefits. Europeans must come to grips with the fact that the rest of the world doesn't have the vacation time and standard of living that Europe does, and to compete effectively, the inefficient firms and workers must be cut to lower costs." Tensions between workers and governments are mounting as is evidenced by recent labor unrest in France by young workers and in Germany by factory workers. If political pressures force national leaders to back away from EC reforms, the process of making Europe an economic superpower will be weakened.

Nearly all executives interviewed in this analysis indicted that the chances appear slim for Europe to adopt a single currency in the next ten to twenty years. Reasons given for this opinion ranged from nationalism and memories of historical conflicts to doubts that Europe is not truly ready to give up its independent ways. The British government has publicly struggled with the issue of a single currency and perhaps if the United Kingdom refuses to go along with the continent on this important issue, they may have to drop out of the EC. France and Germany support the principles of a euro currency but each faces an uncertain political future. Tom Ross states, "Europe needs to continue its reforms or else the U.S. and Japan will ultimately build all Europe's cars, computers and other high-value consumer products. The U.S. has had a five to six year head start on Europe in terms of corporate downsizing and becoming more efficient. EC rules and regulations should allow Europe to achieve similar results as in the U.S. in a shorter time frame, but these changes will be difficult for many Europeans to accept. Europeans can have the world's best economy if they work for it. After all, the nations of the EC have a highly skilled and well-educated work force that should be able to compete with anyone."

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APPENDIX

2. EMPLOYEE BENEFITS

2.1 PRIVATE HEALTHCARE SCHEME

All permanent full-time IMG/TWI employees are automatically included in our group medical scheme arranged through PPP. You should have a booklet which is the Employees' Guide - please ask Caroline Ward if you do not have one.

Caroline Ward administers this as part of the Human Resources function. Ask Caroline if you need a claim form. Send the completed claim form direct to Europea-IMG who will correspond with you at your home address.

PLEASE NOTE:

- treatment must be authorised by your GP, who must sign the claim form, to be eligible under the scheme.
- dental treatment is not included unless hospitalisation is necessary.
- treatment abroad during a business trip is covered separately by IMG BUT YOU MUST ARRANGE YOUR OWN COVER FOR HOLIDAYS.
- cover applies only for treatment by a qualified medical practitioner. Homeopathy, aromatherapy etc. are not recognised.
- physiotherapy claims are subject to restriction. Check the handbook if you are referred to a physiotherapist.
- for chiropractice and osteopathy your GP's recommendation and a specialist's referral are necessary.
- treatment for long-term incurable diseases is not covered. (Please see Appendix 2 for details of the extent of cover).
- the terms are annually renewable; updates will be circulated each April.
- dependants may be included in the scheme but may only be added on joining or each April and this is done through Caroline Ward. 1993/4 cost is £12.25 per month for a spouse and £18.38 per month for a family.

2.2 IMG PENSION PLAN - DEATH IN SERVICE, PERMANENT HEALTH INSURANCE

All full time permanent UK employees, who are over 21 years of age and have worked in the company for 12 months, are eligible for these benefits. You should receive a booklet which explains the Plan in detail.

2.2.1 IMG PENSION PLAN

- IMG will pay the following contributions according to your years in service at IMG:

- under 5 years	4%
- 5 to 9 years	6%
- 10 or more	8%

  (the percentage is of your 'pensionable salary' which includes supplemental payments, but not bonuses)

- You may make further voluntary contributions if you wish (which are deducted before tax) and the company will match your contribution up to 3%.

- Your contributions will be invested in a with-profits contract operated by Equitable Life Assurance Society.

- Membership of the Plan is voluntary and you can opt out at any time.

2.2.2 DEATH IN SERVICE

If you die in service your dependants will receive:

- Lump sum payment of twice your salary.

  If you are a member of the Plan the benefits will include:

  - Spouse's pension of 33% of your salary (if no spouse, can be nominated dependant).

  - Children's pension of 11% of your salary per child (up to a maximum of 3).

2.2.3 PERMANENT HEALTH INSURANCE

You do not need to be a member of the IMG Pension Plan to benefit from this insurance.

- If you suffer an illness or disability, after absence from work of 26 weeks, you will receive 67% of your salary. This will be paid until you return to work or recover fully or reach your 60th birthday.

- You will continue to be eligible for the Death in Service benefits.

2.3 CLEVELAND - DEATH IN SERVICE

There is also a policy managed by IMG Cleveland which provides $100,000 to your dependants in the case of accidental death in service.

3. TRAVEL ARRANGEMENTS

3.1 CORPORATE POLICY - EUROPEAN TRAVEL POLICY

We are trying to save money on air travel. We tend to use the same travel agents (see list below in 3.2) but if the fare quoted seems high, you should shop around. Please try to plan travel schedules, seeking alternative routings and prices.

Barter deals MUST be used wherever possible. Details of the Lufthansa barter are given in 3.3 below. In the US we have other barter deals and you should contact Richard Hughes' office in Cleveland if you are flying in North America.

Your air travel should be approved by an officer of the company (Vice President etc).

In general, all flights are booked Economy Class. Business Class may only be used if the flight on <u>one</u> aeroplane is longer than 11 hours.

Travel by British Rail may be booked First Class.

3.2 TRAVEL AGENTS

Flight bookings for IMG personnel are usually made through Melhart Travel and train bookings through Network Travel.

Where a client is paying for his/her own travel, Travel Elite should be used.

Melhart Travel	071 739 1636 - abbrev. dialling **13	Melvin/Karen
Network Travel	081 579 5433 - abbrev. dialling **26	Graham Mablin/ John Shepherd
Travel Elite	071 831 9993 - abbrev. dialling **27	Terrie Heath

However, please try other agencies, or the airline direct, if you think you can find a better deal. Here are some suggestions:

JSG	071 935 7465	Brian Allen/Glynis Trimmer
NST Travel*	081 445 4767	Rebecca Tang
DER Travel Service	071 408 0111	Angela Zolleyn

Specialised Travel	081 998 1486	Christina Hayes/Steve Coombs
Symphony Tours**	010 341 388 2822	Carlos Schwarb
Barry Martin Travel***	071 439 1271	Valerie Channon
Fairways Travel****	0422 37814	Alan Muff
Traveleads****	0532 452022	Mark Watson

* Good for Far East flights plus accommodation deals.
** Cheap group bookings for Europe out of Spain
*** Good for Russia only
**** For golf tournaments

An IMG in-house Travel office will open in January 1994. Details and instructions on how to use the office will be circulated.

3.3 LUFTHANSA, AMERICAN AIR LINES AND THAI AIRWAYS BARTER

Barter bookings are done by a booking form or memo to Robyn McIver in Pier House and the following information is required:

a. Passenger's name
b. Flight date
c. Itinerary
d. Flight times
e. Flight number
f. Allocation (this is very important)

The ticket will be issued T.O.D. (ticket on departure). In certain circumstances you may want the ticket before departure in which case you must let Robyn know. She will then instruct the airline to issue the ticket to the nearest local ticket office and she will give them the name and number of the person who made the booking. They will then contact you direct and you will have to make arrangements to collect the ticket.

All reservations and changes of time, date, schedule, etc. must be done through Robyn.

The allocation on the expenses form should refer to a specific event or profit centre. Check with Robyn how the tickets should be charged to expenses.

All reservations on barter are made in economy class unless otherwise specified. If a portion of the ticket has been unused or cancelled it is the responsibility of the person who made the reservation to return the remaining ticket portion to Robyn to send to the airline for a refund.

3.4 FREQUENT FLYER MILEAGE

Any frequent flyer benefits belong to the employee. However, if the employee wishes to cash in the benefits, IMG will pay 50% of the value of the ticket to him/her if Frequent Flyer mileage is used for a business trip.

3.5 RENTAL CARS

Rental cars should be booked from the company offering the best available rates. The company will reimburse the cost of mid-size or smaller cars (Hertz's "C" classification or smaller). In the event that a larger vehicle is required its rental must be approved in advance in order to be reimbursed. Insurance should be taken under current corporate policy: **The car hire company should be notified that the rental is for IMG/TWI business and charged to IMG/TWI accounts where possible. Collision damage waiver and theft protection, and the rental company's standard liability cover should always be taken except when hiring a car on IMG/TWI business within the United States.** Alison Dalglish in London can answer any additional questions about car rental insurance. The other additional coverage offered by car rental companies is provided under IMG benefit plans, and therefore additional insurance cost for car rental will not be reimbursed.

The company will not reimburse the cost of mobile phones in rental vehicles.

4. OFFICE ADMINISTRATION

In general, if you have any queries or problems contact John Hebden in Pier House, James Meehan in Media House or Paul Saban in TWI House.

4.1 MEETING ROOMS AND CATERING

The following meeting rooms exist:

Pier House:	Boardroom	seats 16
	Dining Room	seats 8
TWI House:	Meeting Room (2nd floor)	seats 24
	Dining Room (1st floor)	seats 12
Media House:	Meeting Room (1st floor)	seats 12
	Dining Room (ground flr)	seats 8

The Meeting Rooms can be booked through the Reception of each building. You should fill in the appropriate form (available from the Post Room) and give a copy to Reception and to the Catering Division if coffee or a meal is required. Special catering requirements should be discussed with Sara Stocks, who is based in TWI House.

Please be sure to cancel the booking if the meeting is cancelled, both so that others know the room is available and to avoid the preparation of tea/coffee unnecessarily.

Please note that you should not request coffee for internal meetings (unless particularly formal) nor for informal external meetings with only 2 or 3 people. In these circumstances coffee should be made by the secretary.

4.2 TELEPHONE SYSTEM

Dial 9 for an outside line, 0 for Reception.

The switchboards are manned 24 hours a day, by receptionists during the day and then by security men during the night and weekend.

All staff are asked to remember the expense of telephone calls and to adopt a responsible attitude towards using the telephone. For your information, all calls are recorded on a call-logger. You will receive a statement recording your calls and should pay for STD or International calls.

Please answer any ringing telephone and help the caller or take a message efficiently - you can create a lasting good or bad impression of IMG by the way you answer the telephone.

Please note that we have bought "tie-lines" or open telephone lines which connect the three buildings in London and New York and Cleveland. It is very important to use these lines if you are calling one of these IMG offices since we do not pay for the call (we have already paid for the lines). The codes for these tie lines are at the bottom of the telephone lists. You do not need to press 9 for these numbers. You should have a list of extention numbers for each London building, and New York and Cleveland if applicable, so that you can telephone the extension direct. This is very quick and efficient for you and it also saves the receptionists' time for external calls.

4.3 BT CHARGECARD

Using a BT Chargecard is the most <u>economical</u> and <u>efficient</u> way of making your calls, especially when you travel abroad. A Corporate BT Chargecard will be issued to you if required for foreign travel. Calls must be accounted for promptly as part of your Expenses Form.

Please ask John, James or Paul for an application form.

4.4 INTER-OFFICE DRIVER

A driver in a red Passat shuttles between the offices all day every day so mail for the other offices will be delivered very promptly (DO NOT FAX/COURIER IT).

4.5 MAIL SERVICES

Incoming post should be picked up from the Post Room. The morning post is available for collection after 9.00am and the second post usually by 12.00 noon.

The Post Office collect from Pier House at 3.30pm and 5.30pm, from TWI House at 5.30pm and from Media House at 5.45pm.

Stamps are available from the Post Room for urgent mail which has missed these collections, but you must post these yourself.

- **RECORDED, REGISTERED AND SPECIAL DELIVERIES**

Letters/parcels for these services must be in the Post Room by 3.00pm as it has to be taken to the Post Office by one of the Post Room Staff.

- **MAIL FOR PIER HOUSE, TWI HOUSE OR MEDIA HOUSE**

There is an internal delivery service so envelopes or packages need only be put in the appropriate pigeonhole in the Post Room.

- **MAIL FOR NABARRO NATHANSON, DUNBAR & CO. & LARAINE ASHTON**

Mail for the above is picked up from Pier House and hand-delivered daily.

- **IMG WORLDWIDE MAIL**

All mail to IMG offices in Cleveland, New York, Paris, Hamburg, Monaco, Milan and Stockholm is sent by IAE courier from Pier House on Mondays, Wednesdays and Fridays. Mail should be in the Pier House Post Room no later than 2.30pm on these days, with a CLEAR indication of the office for which it is intended. Mail to other offices (Barcelona, Hong Kong) is usually sent by courier at least once a week. Please check with George McCormick in the Pier House Post Room and use the courier if possible.

- **DELIVERY BY BIKE OR CAR**

All requests for delivery by bike or car should be made to the Post Room. These services are expensive and should be used only when absolutely necessary.

- **COURIERS**

PLEASE NOTE there is an absolute prohibition on couriers UNLESS you have filled in the form available from Sue Brown in Pier House, Anna Badescu in TWI House or James Meehan in Media House.

PLEASE NOTE THAT THE LAST COURIER PICK-UP IS AT 4.30 PM.

4.6 TELEXES

There is a telex machine in the Post Room of TWI House. If you need to send a telex from Pier House send a memo to Peter St James at TWI House with the addressee, number, country and message. He will ensure that the telex is sent promptly and will return the top copy to you.

Telexes received at TWI House will be sent over the same day. Let Paul know if you are expecting anything urgent.

At Media House telexes can be transmitted by using PC's which are connected to the Artifax/Novell network.

4.7 FAX TRANSMISSIONS

PLEASE DO NOT SEND A FAX IF IT COULD BE A LETTER OR A MEMO IN THE INTERNAL MAIL/COURIER TO OTHER IMG OFFICES. PLEASE BE SURE THE FAX NUMBER IS CORRECT. INCORRECT NUMBERS WASTE A LOT OF TIME.

All faxes should state clearly the destination, date, sender and addressee on a 'fax cover sheet' (either from your word processor or hand-written on a blank form available from the Post Room) and the subject matter. The pages must be numbered clearly. Faxes should be handed to the fax operator who will send it and return the original to you, bearing the confirmation of transmission stamp. If a fax is very important you should telephone the recipient to say the fax is on its way and ask for confirmation of receipt within the hour.

All Pier House faxes, both incoming and outgoing, are copied to Mark McCormack, John Webber, Ian Todd and the Legal Department. TWI House faxes are copied to Mark McCormack and Eric Drossart. A permanent chronological file of all faxes is kept in the Post Room of each building.

4.8 FILING

- **DAY FILES**

Every secretary is required to maintain a day file for each executive for whom they work. This file should consist of a chronological record of all typed work emanating from that member of staff.

- **FILE STORAGE**

PLEASE ONLY ARCHIVE RELEVANT MATERIAL. TRY TO KEEP IT TO A MINIMUM IN TERMS OF BULK I.E. REMOVE PLASTIC/CARD FOLDERS, DUPLICATES, PAPERCLIPS, IRRELEVANT INTERNAL MEMOS, LEVER ARCH/RING BINDERS, HANGING FILES, ETC.

All archive files are sent to storage in special transit cases obtainable from the Post Room. Files should be separated out into different subjects, each subject placed into a separate transit case and the subject title written on the case label. You should then list your file titles on the file storage form which should accompany your files (ask in the Post Room for forms).

The completed form should then be passed to James Meehan who will assign numbers to your files. You will then be notified of these numbers which should be retained on file. Your files will then be stored in the warehouse. If a file is required from storage, give the number and title to James who will retrieve it for you.

5. PERSONNEL MATTERS

5.1 INFORMATION

Caroline Ward is responsible for personnel matters in London. Please notify her of any changes to your personal details - change of address, change of bank, etc.

5.2 HOLIDAY

You should keep Caroline informed of your holiday details. When your proposed days have been approved, please send a memo to Louise, your division and Reception (and anyone else who needs to know). Louise also requires a running total from you, i.e.:

Holiday entitlement:	15 days
Days taken to date:	3 days
Days proposed:	10 days
Days remaining:	2 days

5.3 SICKNESS

If you are sick, you should inform both Reception and your division as soon as possible. A Doctor's certificate is required if you are sick for more than two consecutive days. You are not contractually entitled to be paid (other than Statutory Sick Pay if you have qualified for it) after 10 days' sickness in a 12 month period.

6.3 CORPORATE I.D. / LOGOS

The three major companies under the IMG corporate umbrella each have a distinct corporate logo. These logos are to be used in no other form on all correspondence, fax, and sales materials. Please contact Marketing Services for further rules with respect to the use of these and other IMG corporate logos. The three logos are as follows:

INTERNATIONAL MANAGEMENT GROUP

INTERNATIONAL
MANAGEMENT GROUP

TRANS WORLD INTERNATIONAL

TRANS WORLD
INTERNATIONAL

IMG ARTISTS

IMG Artists

7. HOTEL AND IMG HOUSE BOOKINGS

You should always contact Sue Wheeler in Pier House to book a room in a hotel or the IMG House in London (we have a corporate rate at certain hotels). Middle management executives should, if possible, be booked into the IMG House at Chiswick Quay; they should only stay in a hotel if the house is full.

Hotels overseas should be booked through the IMG office in the country concerned as they will know the most economical hotel rates. You should definitely contact the Cleveland or New York office if travelling to North America.

Following this page is a list of recommended hotels for European cities. Sarah Wooldridge has compiled this list and she would be delighted to hear from you if you propose any more/better barter deals.

For hotel bookings, please give as much notice as possible.

8. RECEPTION/SECURITY

Please always enter and leave the building through Reception so that the receptionists know (and can tell callers) who is in at any one time. Please also inform reception if you will be away from the office - whether it is that you will be on holiday, arriving late one morning or at an event for a few days. Leave a contact telephone number, if appropriate.

In order to help the receptionists to welcome visitors properly, you should **give them a list each day of the visitors you are expecting, the times they are expected and and the name of the person they will be seeing.**

Visitors must be collected from Reception; under no circumstances should visitors be left to make their own way through the building. **Please also escort visitors out and notify Reception when they leave so that they can be signed out.** This is important because of the Health and Safety Laws - in the event of a fire we need to know who is in or out of the building.

Filing cabinets must be closed and, if necessary, locked. Please make every effort to keep your desk and your area tidy, especially at the end of each day.

It is particularly important that no valuables are brought into the office and that each employee takes great care of personal belongings. Handbags should be kept in a drawer or cupboard and not left sitting on desks. The company does not carry insurance against such losses and no loss will be reimbursable.

9. MISCELLANEOUS

9.1 SUCCESS SECRETS

Every month Mr McCormack sends out a newsletter called Success Secrets. All employees are entitled to a free subscription. If you would like to receive a copy please ask Sarah Wooldridge in Pier House.

9.2 GIFTS AND GRATUITIES

It it the general policy of IMG that its employeees are not to accept gifts that exceed a nominal value from clients, vendors, customers or other IMG employees. When such a gift is offered or received, it is the responsibility of the IMG employee to refuse or return the gift with a polite thank you and an explanation of our company policy. Gifts worth more than 1% of the recipient's annual salary, or £500, whichever is less, are subject to this policy. Exceptions to this rule must be approved by Arthur J Lafave, Jr. or Peter A. Kuhn.

9.3 EXPENSES

Business Expenses should be reclaimed promptly using the expense forms available in the Post Rooms. Please remember to attach all receipts and to explain expenses fully in the space provided.

(The mileage rate for car travel is 9p per mile in a company car and 28p per mile for a private car.)

9.4 AMERICAN EXPRESS CARDS

Corporate American Express Cards are available to employees who travel on business. Please contact Caroline Ward to request one.

9.5 TAXIS

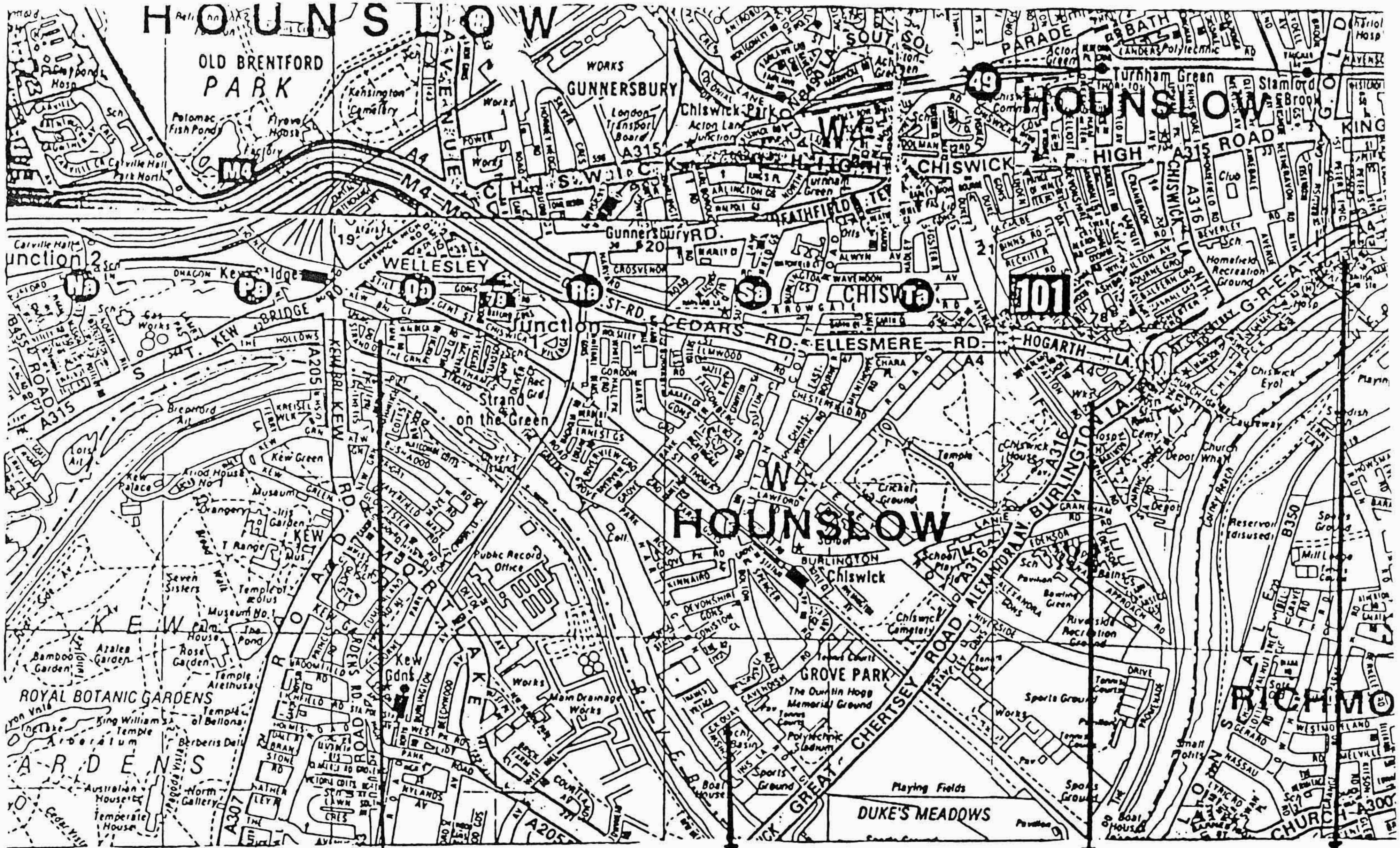
Taxis must be booked by the individual and paid for with cash. Business fares should be reclaimed through expenses.

APPENDICES

1: MAP SHOWING LOCATION OF LONDON OFFICES:

2: PRIMECARE PLUS SCHEME

3: DIRECTORY OF WORLDWIDE OFFICES



PIER HOUSE
Strand on the Green
Chiswick W4 3NN
TEL: 081 994 1444

CHISWICK QUAY
8 Chiswick Quay
Chiswick W4
TEL: 081 995 9857

MEDIA HOUSE
3 Burlington Lane
Chiswick W4
TEL: 081 747 9977

TWI HOUSE
23 Eyot Garc
Hammersmith
TEL: 081 84(

MEMORANDUM

DATE 1 April 1993 - 31 March 1994

TO: ALL NEW IMG/TWI FULLTIME UK EMPLOYEES

FROM Caroline Ward

RE **PRIVATE HEALTH INSURANCE 1993/4**

You will be included in our health insurance scheme at IMG/TWI's cost of date of joining. If you wish to provide the benefit to your dependants you may do so by paying just 50% of the additional cost. Attached is a summary of the scheme benefits, which in 1993/4 are insured by PPP.

Band Options
IMG/TWI provide B Band coverage. Those wishing to buy supplemental A Band coverage to allow access to in-patient treatment in London's mos expensive hospitals may do so but will be responsible for 100% of the additional cost. Banding applies only to the luxury of the room accommodation, meals, etc. It makes no difference to out-patient treatment nor the quality or availability of medical treatment.

PPP describe their bands as being appropriate for the following hospi types: A = unreasonably expensive(!); B = London; C = provincial; D low-cost provincial and NHS paybeds. An extract of the hospital list attached. There are no hospitals outside the London area for which beds in single rooms are not available at B Band or lower level. B I beds are available in London except in The Humana Wellington and Lon Chest which offer only A Band beds. In the Lister and London Bridge single rooms can only be guaranteed at A Band. At B Band you may otherwise be allocated a shared room in those two hospitals. Insur recommend that everyone questions the hospital when making arrangeme to be admitted.

Existing Conditions/Claims
There is no exclusion of cover for any conditions which pre-existed or your dependants' membership of the scheme.

Membership/Taxation of Benefit
Provision of private health insurance forms part of IMG/TWI's terms employment for all fulltime personnel and membership of the scheme i therefore compulsory. The Inland Revenue assess the IMG/TWI share o cost per employee, and its contribution to dependant cover, as a benefit-in-kind to the employee. This factor along with many others automatically taken into consideration in each person's remuneration package.

The scheme renews every 1 April. At that time you will be advised o any changes in IMG/TWI's policy or insured terms and asked to reconf your individual selections.

Please now complete and return your declaration as soon as possible, in any event before the end of the month in which you join. Your personal copies of full membership booklets will then be forwarded.

IN-PATIENT/DAYCARE & RELATED BENEFITS

1.	Accommodation charges incurred as an in-patient/daycare patient within your selected hospital Band	FULL REFU
2.	Ancillary charges incurred as an in-patient/daycare patient incl. operating theatre, nursing, drugs, etc.	FULL REFU
3.	Specialist physicians' services, surgeons' and anaethetists' fees, diagnostic procedures, x-ray, physiotherapy, surgical dressings and drugs prescribed all whilst an in-patient/daycare patient	FULL REFU
4.	Out-of-Band benefit payable for each night spent in a private hospital which is in a higher band than that selected (ie. insurers' contribution to A Band charge if you are only insured to B Band level)	£315/nigh
5.	Radiotherapy, chemotherapy and computerised tomography received as an in-patient or out-patient.	FULL REFU
6.	Hospital accommodation charges for one parent to stay with a child member under the age of 9 at the time of treatment	£25/night Max £500/
7.	Nursing at home prescribed supervised and monitored by specialist for medical - not domestic - reasons	Max 13 wk

OUT-PATIENT & OTHER

1.	Specialist services including consultations and diagnostic procedures.	FULL REFU
2.	Physiotherapy (unless part of an ongoing course of treatment involving in-patient care)	£400pa/clai
3.	Complementary/Alternative medicines (acupuncture, osteopathy, chirocpractic, homeopathy). <u>Subject to Specialist Referal.</u>	£400pa/clai
4.	Minor surgical procedures undertaken by GP (not covered if undertaken by own GP).	£70/yr/me
5.	Psychiatric, nervous or mental conditions Subject to pre-authorisation	In-patie up to 28 Out-pati Full Ref

Notes:

1. Claim forms from Caroline Ward, Pier House. Please discuss any query or concern over eligibilty of claim when requesting claim form. Insurers make a helpine service available: 0483 740000. Special forms for pre-authorisation which insurers will review and approve within 48 hrs are available and recommended if you wish to be assured that the proposed treatment is covered <u>before</u> incurring costs. If your claim for any one condition continues for more than three months you may be asked for quarterly additional claim forms and/or medical reports.
2. You must be referred for treatment by your GP who will have to complete part of the claim form. No charge for the GP visit or his/her completion of the form is covered by the scheme.
3. Cover applies only within the UK. You are not covered by this or other IMG/TWI schemes for personal travel.
4. Cover does not apply for treatments to alleviate long-term incureable ("chronic") conditions once diagnosed.
5. All cover ceases immediately on leaving IMG/TWI's employ. You may apply to transfer to a personal policy on preferential terms at the insurers' discretion.

KENT CONTINUED

Hospital	Band
Rochester, St Bartholomew's Hospital	D
□*Sevenoaks, Golden Green Clinic*	*B C D*
•Tunbridge Wells Independent Hospital	C
†Tunbridge Wells, Kent & Sussex Hospital	
Single rooms	C
Shared rooms	D
•Tunbridge Wells Nuffield Hospital	C

LANCASHIRE

Hospital	Band
•Blackburn, Beardwood Hospital	
Single rooms	C
Shared rooms	D
Blackburn, Queen's Park Hospital	D
Blackburn Royal Infirmary	D
•Blackpool, Bupa Fylde Coast Hospital	
Single rooms	C
Shared rooms	D
Blackpool, South Shore Hospital	D
Blackpool, Victoria Hospital	D
Burnley General Hospital	D
•Burnley, Gisburne Park Hospital	C
Chorley & District Hospital	D
•Chorley, Euxton Hall Independent Hospital	
Single rooms	C
Shared rooms	D
•Lancaster & Lakeland Nuffield Hospital	B C
Lytham Hospital	D
Ormskirk and District General Hospital	D
•Ormskirk, Renacres Hall Hospital	
Single rooms	C
Shared rooms	D
•Preston, Fulwood Hall Hospital	
Single rooms	C
Shared rooms	D
Preston Royal Hospital	D
†Wigan, Wrightington Hospital	D

LEICESTERSHIRE

Hospital	Band
Hinckley and District Hospital	D
•Leicester, Bupa Hospital	B C
Leicester General Hospital	D
Leicester, Glenfield General Hospital	D
•Leicester Nuffield Hospital	C
□*Leicester Nuffield Hospital, Priory Suite*	*C*
Leicester Royal Infirmary	D

LINCOLNSHIRE

Hospital	Band
†Boston, Pilgrim Hospital	D
Grantham and Kesteven General Hospital	D
•Lincoln, Bromhead Hospital	D
Lincoln County Hospital	D
Louth County Hospital	D
Stamford & Rutland Hospital	D

LONDON

Note: This section includes hospitals in the Greater London Administrative Area. Neighbouring hospitals outside the Greater London area are included under the appropriate town or county.

Hospital	Band
Blackheath Hospital, SE3	A
Brook General Hospital, SE18	D
•Bupa Roding Hospital, Redbridge	A B C
Central Middlesex Hospital, NW10	D
†Charing Cross Hospital, W6	A B C
□*Charter Clinic, Chelsea, SW3*	*C*
□*Charter Nightingale Hospital, NW1*	*B C*
•Chatsworth Clinic, Barnet	C
•Chelsfield Park Hospital	
Single rooms	A B
Shared rooms	C
•Churchill Clinic, SE1	A B C
•Clementine Churchill Hospital, Harrow	A B C
•Cromwell Hospital, SW5	A B C
□*Cromwell Hospital, Dept. of Psychological Medicine, SW5*	*B*
□*Devonshire Hospital, W1*	*D*
Edgware General Hospital	D
Farnborough Hospital	D
•Fitzroy Nuffield Hospital, W1	A B C
•Garden Hospital, NW4	A B C
†Great Ormond Street Hospital for Sick Children, WC1	B
Greenwich District Hospital, SE10	D
□*Grovelands Priory Hospital, N14*	*C*
†Guy's Hospital, SE1	C
Hammersmith Hospital, W12	A B C
†Harefield Hospital, Uxbridge	C D
•Harley Street Clinic, W1	A B C
Harold Wood Hospital	D
□*Hayes Grove Priory Hospital, Bromley*	*C*
•Heath Clinic, NW11	B
•Highgate Private Clinic, N6	A
Highlands Hospital, N21	D
Hillingdon Hospital	D
•Hillside Hospital, W5	B C
•Hospital of St John & St Elizabeth, NW8	
Single rooms	A B
Shared rooms	C
Hospital for Tropical Diseases, NW1	C
•Humana Hospital Wellington, NW8	
Single rooms	A
Shared rooms	B C
•King Edward VII's Hospital for Officers, W1	B
King George Hospital, Ilford	D
†King's College Hospital, SE5	C
•King's Oak Hospital, Enfield	B C
Kingston Hospital, Kingston-on-Thames	D
Lewisham Hospital, SE13	C
•Lister Hospital, SW1	
Single rooms	A
Shared rooms	B C
•London Bridge Hospital, SE1	
Single rooms	A
Shared rooms	B C
London Chest Hospital, E2	A
•London Clinic, W1	A B C
•London Independent Hospital, E1	A B C
•London Welbeck Hospital, W1	B C
Maida Vale Hospital for Nervous Diseases, W9	B
Maudsley Hospital, SE5	B
Mayday Hospital, Thornton Heath	D
†Middlesex Hospital, W1	C
Moorfields Eye Hospital, EC1	C
National Hospital for Nervous Diseases, WC1	B
Newham Hospital, E13	D
•New Victoria Hospital, Kingston-on-Thames	
Single rooms	B
Shared rooms	C
•North London Nuffield Hospital, Enfield	C

LONDON CONTINUED

Hospital	Band
•Parkside Hospital, SW19	
Single rooms	
Shared rooms	
•Portland Hospital for Women and Children, W1	
•Princess Grace Hospital, W1	
Queen Charlotte's & Chelsea Hospital, SW6	
Queen Mary's Hospital, Sidcup	
Queen Mary's Hospital, SW15	
Queen Mary's Hospital for Children, Carshalton	
□*Rhodes Farm Clinic, NW7*	
Royal Brompton Hospital, SW3	
†Royal Free Hospital, NW3	
□*Royal Hospital & Home, Putney*	
Royal London Homeopathic Hospital, WC1	
†Royal London Hospital, E1	
†Royal Marsden Hospital, SW3	
•Royal Masonic Hospital, W6	
Single rooms	
Shared rooms	
□*Royal Masonic Hospital, Stamford Wing, W6*	
Single rooms	
Shared rooms	
Royal National Ear, Nose & Throat Hospital, WC1	
†Royal National Orthopaedic Hospital, Stanmore	
Royal Northern Hospital, N7	
Rush Green Hospital, Romford	
Samaritan Hospital for Women, NW1	
•Shirley Oaks Hospital, Croydon	
•Sloane Hospital, Beckenham	
□*St Andrew's at Harrow*	
•St Anthony's Hospital, Cheam	
St George's Hospital, SW17	
†St Helier Hospital, Carshalton	
•St Luke's Hospital for the Clergy, W1	
St Mark's Hospital, EC1	
†St Mary's Hospital, W2	
St Philip's Hospital, WC2	
†St Thomas' Hospital, SE1	
•St Vincent's Orthopaedic Hospital, Pinner	
□*The Priory, Roehampton, SW15*	
†University College Hospital, WC1	
•West Hampstead Clinic, NW6	
West Middlesex University Hospital, Isleworth	
Western Ophthalmic Hospital, NW1	
Westminster Hospital, SW1	
Whipp's Cross Hospital, E11	
Whittington Hospital, N19	
Wilson Hospital, Mitcham	

MANCHESTER-GREATER

Hospital	Band
•Bolton, Beaumont Hospital	
Bolton General Hospital	
Bolton, Royal Infirmary	
Bury, Fairfield General Hospital	
†Bury General Hospital	
•Cheadle, Alexandra Hospital	
Single rooms	
Shared rooms	
□*Cheadle Royal Hospital*	
□*Hale, Altrincham Priory Hospital*	
Leigh Infirmary	
Manchester, Booth Hall Children's Hospital	
•Manchester, Bupa Hospital	
†Manchester, Christie Hospital	
†Manchester, Royal Eye Hospital	
†Manchester Royal Infirmary	
Manchester, St Mary's Hospital	
Manchester, Trafford General Hospital	

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( ) My Spouse & child/children	(£220.50 p.a.)	£18.38 per month
( ) My child/children	(£73.50 p.a.)	£6.13 per month

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( ) For myself and my spouse	(£491 p.a.)	£40.92 per month
( ) For myself, my spouse and child/children	(£650 p.a.)	£54.16 per month
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Fax: (54) (1) 331-3272

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Auckland
New Zealand
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New Zealand
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Fax: (34) (3) 419 37 75
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c/o Promo
Griesebrech Str. 10
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Germany
Phone 49 30 88 1 6011
Fax: 49 30 88 1 6015

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Zichy Geza Utca 10
H-1146 Budapest
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Fax: 90 34 15 67

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Fax: (46) (8) 611 48 12
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Switzerland
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TOKYO
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Kikutei Building
7-18 Moto-Akasaka, 1-chome
Minato-ku, Tokyo 107
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kg 09/21/93

Chapter I

Tourism strategies and rural development

I. Rural tourism defined -- the relationship between tourism and agriculture

Across the rural regions of the developed world the issues of population decline, economic change and community regeneration are universal. For over a century, the powerful trends of industrialisation and urbanisation have steadily altered the economic and political position of rural society. In the last 40 years those trends have intensified. Farm incomes have fallen in real terms. Technological changes have joined with falling incomes to reduce agricultural employment. In response, rural service provision has diminished: shops, schools, churches, professional services and transport facilities have all declined in numbers and in underlying vitality. Typically, rural populations have aged and become fewer in total. Many small towns and villages now struggle to retain their viability. Throughout the world, local, regional and central government agencies have intervened to address these issues, with various degrees of success.

In recent years, the rural world has seen new challenges. Nature and landscape conservation is increasingly regarded as important. Historic buildings and "traditional" rural societies are receiving more attention. In some more accessible rural regions, there has been an influx of population, of people unhappy about big city living conditions - a trend known as counter-urbanisation. But for most parts of the countryside, rural decline issues remain important.

Tourism on the contrary, presents a picture of thriving growth. From humble origins in the nineteenth century, tourism has expanded rapidly since the early 1950's. International tourist arrivals have increased from 25 millions in 1950 to an estimated 476 millions in 1992. About 60 per cent of this travel is for leisure purposes. Domestic (non-international) tourism, however, dwarfs even these massive figures. The World Tourism Organization estimates domestic travel numbers to be ten times the international total. Domestic tourism is also growing rapidly. The WTO estimates that, by 2000, tourism could be the world's largest single industry.

There are many factors behind the growth statistics. In the developed world, there has been a rapid growth in disposable income. In Britain whose economic growth in recent years has not been very strong disposable income rose by 63 per cent in real terms between 1968 and 1988. Shorter working hours and increasing numbers of paid holidays have helped. Higher levels of education have prompted a greater desire to travel, and explore. Transport networks - rail, road, air and sea - have been greatly improved. Rarely, however, have government agencies directly influenced the pace of tourism development, which has largely been driven by market forces and private enterprise. In this way, tourism differs markedly from agriculture and other rural activities.

Tourism has, until recently, been concentrated into specialist beach, lake and mountain resort areas, and into major cultural centres. It has proved to be a powerful engine for economic growth - transferring capital, income and employment from industrial, urban and developed areas to non-industrial regions. Intra OECD tourism flows dominate the world pattern. The top five tourist generating countries -Germany, United States, United Kingdom, Japan and France - account for over 51 per cent of world travel expenditure. Income flows are remarkably similar: the top five destination countries, accounting for 41 per cent of receipts, are the United States, Spain, Italy, France and the United Kingdom (1987 figures). Within that picture there have been real changes in the post war period. Foremost amongst the new destinations is Spain. Foreign visitors to Spain increased from 6 millions in 1960 to 47 millions in 1986. Foreign earnings more than doubled - (to 15 billion US dollars) - between 1983 and 1987 alone. Tourism now employs over 1.5 million Spanish people directly. Yet the vast majority of Spain's visitors are concentrated into the five coastal regions of Spain, out of the total of 16 Spanish regions.

While the Spanish example illustrates how tourism can assist national economic growth, the experience of many other countries, including Britain, Ireland, France and the United States illustrates how regional economic growth can also be linked to tourism development.

Can the power of tourism's growth potential be harnessed to pull rural regions out of decline? Already tourism to rural regions is increasing. Can - and will - that increase continue? Will rural tourism provide sufficient employment, income and capital flows to materially assist rural development? Can all rural areas be helped? Could there be drawbacks to tourism development in the countryside? Should governments and communities intervene to assist or guide tourism development? Is there evidence that this can be done successfully? What further research is needed into issues in rural tourism to help understand and foster its growth and potential? And what marks out rural tourism from other forms of tourism activity?

1. *The case for rural tourism*

Rural tourism is not totally new. Interest in countryside recreation grew in the nineteenth century as a reaction to the stress and squalor of the expanding industrial cities. Writers such as Wordsworth and Schiller captured the romanticism of the rural scene. The new railway companies capitalised on this emergent interest by transporting tourists to the countryside. The Alps and the American and Canadian Rockies were early rural tourism venues assisted by rail-led marketing and capital investment.

The new rural tourism of the 1970's, 80's and 90's is, however, different in several ways. Far larger numbers of visitors are involved. Over 70 per cent of all Americans now participate in rural recreation: figures for many other OECD countries reveal similar, if slightly lower, levels of participation. The penetration of those visitors is far greater. The spread of car ownership and internationally available car hire allows visitors to reach regions far beyond rail-nets and rail-heads. Most important of all, tourism has developed away from spectacularly scenic areas into countryside of all types. It has also broken free of large and specialised resorts into small towns and villages to become truly rural.

Growth in rural tourism is difficult to quantify, because few countries collect statistics in a way which separates purely rural from other forms of tourism. Most national tourism administrations agree, however, that it is a growth sector. Experience in individual rural regions provides further testimony. In the American states of Wyoming, Montana and Idaho ranch and farm hospitality enterprises have increased from five in 1985 to 90 in 1992. Australia's "Outback Queensland" area reports steady annual increases in visitor flows of up to 20 per cent p.a. Many new tourism projects in rural Austria have achieved a steady development in patronage throughout the 1980's.

2. *But what is rural tourism?*

At first glance, this is a simple question. Rural tourism is tourism which takes place in the countryside. But, on deeper consideration, a simple definition of rural tourism is inadequate for many purposes. Equally, it is difficult to produce a more complex definition which applies to all rural areas in all countries. Problems include:

-- Urban - or - resort-based tourism is not confined to urban areas, but spills out into rural areas.

-- Rural areas themselves are difficult to define, and the criteria used by different nations vary enormously.

-- Not all tourism which takes place in rural areas is strictly "rural" - it can be "urban" in form, and merely be located in a rural area.

-- Tourism has historically been an urban concept; the great majority of tourists live in urban areas. Tourism can be an urbanising influence on rural areas, encouraging cultural and economic change, and new construction.

-- Different forms of rural tourism have developed in different regions. Farm-based holidays are important in many parts of rural Germany and Austria. Farm-based holidays are much rarer in the rural United States and Canada.

-- Rural areas themselves are in a complex process of change. The impact of global markets, communications and telecommunication have changed market conditions and orientations for traditional products. The rise of environmentalism has led to increasing control by "outsiders" over land use and resource development. Although some rural areas still experience depopulation, others are experiencing an inflow of people to retire or to develop new "non-traditional" businesses. The once clear distinction between urban and rural is now blurred by suburbanisation, long distance commuting and second home development

-- Rural tourism is a complex multi-faceted activity: it is not just farm-based tourism. It includes farm-based holidays but also comprises special interest nature holidays and ecotourism, walking, climbing and riding holidays, adventure, sport and health tourism, hunting and angling, educational travel, arts and heritage tourism, and, in some areas, ethnic tourism. There is also a large general interest market for less specialised forms of rural tourism. This area is highlighted by studies of the important German tourism market, where a major requirement of the main holiday is the ability to provide peace, quiet and relaxation in rural surroundings.

Because rural tourism is multi-faceted, because rural areas themselves are multi-faceted and rarely either static entities or self-contained, and free from urban influence, a working and reasonably universal definition of the subject is difficult to find. However, in almost every case rurality is the central and unique selling point in the rural tourism package. The search for a definition must, therefore, begin with an understanding of the concept of rurality itself.

3. What is rurality?

The need for a definition of rural tourism is relatively new. The need for a definition for rurality in general is an old issue faced by geographers, sociologists, economists and planners for many years. In this wider debate on rurality three major discussion points dominate: (1) population density and size of settlements, (2) land use, and its dominance by agriculture and forestry, (3) "traditional" social structures and issues of community identity and heritage. It is worth briefly discussing each of these in turn.

4. Rural population densities and settlement size

Typically rural areas have low population densities: this is a result of small settlements, widely spaced apart. The natural and/or the farmed/forested environment dominates the built environment. Average rural population densities vary enormously between and within the OECD countries: an exact analysis would be valueless because of the varying sizes of the administrative units used for statistical purposes. This point is also illustrated when examining the size of settlements classified as rural by a selection of member states, given below:

5. *Selected national criteria for "rural" settlements*

Australia	population clusters of fewer than 1 000 people, excluding certain areas, e.g. holiday resorts.
Austria	Towns of fewer than 5 000 people
Canada	Places of fewer than 1 000 people, with a population density of fewer than 400 per square kilometre.
Denmark (and Norway)	Agglomerations of fewer than 200 inhabitants
England and Wales	No definition - but the Rural Development Commission excludes towns with more than 10 000 inhabitants.
France	Towns containing an agglomeration of fewer than 2,000 people living in contiguous houses, or with not more than 200 metres between the houses.
Portugal (and Switzerland)	Towns of fewer than 10 000 people.

Source: UN Demographic Year-books and Robinson (1991)

The OECD Rural Development Programme uses a pragmatically based series of indicators: while at local level a population density of 150 persons per square kilometre is the preferred criterion, "at the regional level geographic units are grouped by the share of their population which is rural, into the following three types: predominantly rural (>50 per cent), significantly rural (15-50 per cent) and predominantly urbanized regions (<15 per cent)".

From this array of varying definitions, two clear points stand out. Rural settlements may vary in size, but they are small, and always with a population of fewer than 10 000 inhabitants. They are almost always in areas of relatively low population density.

6. *Land use*

Many commentators define rural areas as those with less than 10-20 per cent of their land areas covered by the built environment. There are three important implications here. These areas will be dominated by agrarian and forest-based economic activities. They will be, to a large extent, repositories of the natural world and wild-life. For the visitor, they will give an impression of space, and a traditional non-urban, non-industrial economy. Their economies will be strongly influenced by the market for farm and forest products. Although the labour force required for farming and forestry has declined rapidly in recent years, rural areas still show a strong bias towards jobs in the farm/forest sector. Additionally, they usually exhibit low female activity rates outside the home because of the shortage of job opportunities for women in many rural areas.

7. *"Traditional" social structures*

The rapid urbanisation of the nineteenth and twentieth centuries produced new social structures different from the "traditional" societies of the countryside. The retention of older ways of life and thinking is important in retaining rural "character". It is this residual character which, combined with the scenic values and recreational opportunities of the countryside, attracts tourists from urban areas.

It is difficult to define the exact characteristics of rural society. There are great variations between countries and continents, and even within countries. In his article, "Communities and their Relationships to Agrarian Values" (in Rural Policy Problems, Brown, W.P. and Hadwinger, P.F. eds., pp. 19-32, Lexington, 1982), Flinn noted three very different types of traditional life styles within the rural United States:

- Small town society, closely knit, strongly believing in democracy, but often not in close contact with nature.
- Agrarian society, based on family farming, farm life and the calendar of the seasons.
- Ruralists, living outside towns, but not farming: independents who value open space, nature, and "a natural order".

The rural sociologists have struggled hard to identify the varying characteristics of rural societies. Frankenberg's urban/rural contrasts, dating from 1966, remains a valuable check list.

8. The characteristics of "rural" and "urban" societies

Rural	**Urban**
Community	Association
Social fields involving few but multiple role relationships	Social fields involving many overlapping role relationships
Different social roles played by same person	Different social roles played by different people
Simple economies	Diverse economies
Little division of labour	Great specialisation in labour force
Ascribed status	Achieved status
Education according to status	Status derived from education
Role embracement	Role commitment
Close-knit networks	Loose-knit networks
Locals	Cosmopolitans
Economic class is one of several divisions	Economic class is the major division
Conjunction	Segregation
Integration with work environment	Separation of work environment

Source: Frankenberg, 1966

9. The continuum concept

Faced with the complexities of the rural world discussed above, and with an array of other indices deliberately not discussed here, commentators on the rural scene have evolved the concept of the rural-urban continuum as a way of coping with the complexity of the situation, and the problem of comparing areas which are perceived to be rural, but possess many different characteristics. Rural communities can be assessed on a sliding scale with sparsely populated remote wilderness as one end of a polar typology. The other end of the scale can be represented by the so-called "world city", the ultimate expression of urbanisation. Between these extremes lie a variety of situations, largely rural or largely urban, with a mid-point represented by the outermost edge of suburbia, a cross-over point between poles, exhibiting characteristics of both rural and urban typology (see Robinson 1990).

An additional part of the "rurality" equation can be introduced here. The OECD's Rural Development Programme has developed a useful typology for assessing the economic geography of rural areas. This divides the rural world into peripheral or remote regions, "intermediate" regions, which make up the majority of the rural land mass, and economically integrated rural regions, often dominated by farming, forestry and natural areas. Societies tend towards traditionalism: the influence of the past is often strong. Government policies lean towards conservation rather than radical or rapid change.

It follows, therefore, that rural tourism should be:

-- Located in rural areas;

-- Functionally rural, built upon the rural world's special features: small scale enterprise, open space, contact with nature and the natural world, heritage, "traditional" societies and "traditional" practices;

-- Rural in scale - both in terms of buildings and settlements - and, therefore, usually small scale;

-- Traditional in character, growing slowly and organically, and connected with local families. It will often be very largely controlled locally and developed for the long term good of the area;

-- Sustainable - in the sense that its development should help sustain the special rural character of an area, and in the sense that its development should be sustainable in its use of resources. Rural tourism should be seen as a potential tool for conservation and sustainability, rather than as an urbanizing and development tool;

-- Of many different kinds, representing the complex pattern of rural environment, economy, and history.

A list of contrasting features between urban/resort tourism and rural tourism could include the following:

Urban/Resort Tourism	**Rural Tourism**
Little open space	Much open space
Settlements over 10 000	Settlements under 10 000
Densely populated	Sparsely populated
Built environment	Natural environment
Many indoor activities	Many outdoor activities
Infrastructure - intensive	Infrastructure - weak
Strong entertainment/retail base	Strong individual activity base
Large establishments	Small establishments
Nationally/Internationally owned firms	Locally owned businesses
Much full time involvement in tourism	Much part-time involvement in tourism
No farm/forestry involvement	Some farm/forestry involvement
Tourism interests self supporting	Tourism supports other interests
Workers may live far from workplace	Workers often live close to workplace
Rarely influenced by seasonal factors	Often influenced by seasonal factors
Many guests	Few guests
Guest relationships anonymous	Guest relationships personal
Professional management	Amateur management
Cosmopolitan in atmosphere	Local in atmosphere

Many modern buildings	Many older buildings
Development/growth ethic	Conservation/limits to growth ethic
General in appeal	Specialist appeal
Broad marketing operation	Niche marketing

11. The importance of the continuum - concept for rural tourism

Commentators seeking to define rurality have made extensive use of the concept of the rural/urban continuum to deal with many different types of area, exhibiting different characteristics, and areas undergoing active change. A similar continuum concept can be useful for those seeking to define rural tourism. Few areas will display all of the characteristics of rural tourism listed previously. Many will display some "urban" characteristics. Some will be in the process of change and development towards becoming large, urban resorts. The use of the continuum concept allows planners to recognise this trend, and to take steps either to regulate it, or to make infrastructural provision for it. It can be strongly argued that management strategies in rural tourism should aim to conserve rurality as an important resource. But, in some cases it may be valuable to allow or even encourage some change to take place.

12. What types of holidays are rural?

This is a frequently asked and extremely difficult question. Rural tourism cannot be defined solely by holiday type: intensity of use, location, style of management, integration with the community and other factors play an important part in the definition. But a broad-brush approach can be useful. Again, the continuum concept is a useful one. Many types of holiday can be developed in both urban and rural locations. Holiday-makers may be involved in both urban and rural activities on the same day. A tentative classification of holiday types is given below: it should be used with care. The listing follows the continuum concept, moving from specifically rural to specifically urban with a broad intermediate category.

Holidays which are usually specifically rural

Walking
Climbing
"Adventure" holidays/wilderness holidays
Canoeing
Rafting
Cross-country skiing
Snow-shoe tours
Low intensity downhill skiing
Nature study in outdoor settings, including bird-watching, photography etc.
Hunting
Cycling/Cycle touring
Horse riding
Landscape appreciation
Rural heritage Studies
Small town/village touring
Relaxation holidays requiring a rural milieu
Small scale conventions/conferences
Rural festivals
River and canal angling
Sports requiring natural settings, e.g. orienteering

Holidays which may be rural or urban/resort based

Swimming
Low/medium intensity beach holidays
Medium intensity downhill skiing
Sports requiring man-made infrastructure of a semi-natural type, e.g. golf
Cuisine-based holidays
General heritage holidays
Conservation holidays
Educational holidays
Cultural festivals
Craft holidays
Camping
Sightseeing/Touring
Small/medium sized conferences/conventions
Sailing/cruising
Sea angling

Holidays which are usually specifically urban/resort based

City sightseeing
Shopping
High intensity beach holidays
High intensity downhill skiing
Urban heritage/culture holidays
Zoological gardens
Health resorts
Industrial tourism
Major conferences/conventions
Entertainment holidays/gambling
Resort holidays
Sports requiring man-made infrastructure, e.g. international arena based events

13. The relationship between tourism and agriculture

Traditionally agriculture and forestry were central to rural life. They were the major employers of labour, the main sources of income within the rural economy, and indirectly had a powerful influence on traditions, power structures and life styles. Together, the decisions of farmers and foresters determined rural land use and landscapes.

In the late twentieth century, the central role of farming and forestry has been diminished. Both activities have shed much of their labour force. Only five OECD countries now employ more than 15 per cent of their labour force in farming, forestry and fishing: in eight OECD countries, that figure is less than 5 per cent. The economic power of farming and forestry has declined, not least because those activities are extremely dependent on state subsidies for their profitability. Traditions are waning before the combined attack of television, power farming techniques and tree processors. Even the role of agri - and arboriculturalists as "landscape gardeners" has diminished: power has begun to move to planners and conservationists.

In this evolving situation, two myths have grown up about the role of rural tourism. One is that rural tourism is farm-based tourism. The second is that diversification into tourism will universally "save" the farming community. These statements are untrue because the relationships between agriculture, forestry and tourism are extremely complex ones.

Farm-based rural tourism has been successful through many (but not all) parts of German-speaking Europe because of a powerful combination of small farm size, interesting scenery, closeness to markets, traditional town/country links caused by late migration from the countryside to city regions, the owneroccupation of farmsteads and the tradition of effective and interventionary local government and co-operative movements. Furthermore, the role of farm-based tourism has been exaggerated because it has received great attention from both agriculture ministries and academics. The Bibiliography of Rural Tourism for the OECD reveals that farm tourism is the largest single special category of rural tourism in terms of published works (see Appendix B). In areas where some or all of the factors mentioned above are lacking, farm- based tourism has been slow to develop. Reasons include:

- Long distances to the urban holiday market;
- Medium and large sized farms which did not need to diversify, or were amalgated to create larger units;
- Rented farms which either failed to receive the owner's permission to diversify, or were amalgamated to create larger units;
- Very poor and very small farms which had no surplus accommodation;
- Coops and local councils and tourist boards which did not help with marketing and infrastructure provision;
- Scenery/heritage/activity attractions which were poor;
- A short, single season.

Thus, for example, over large parts of Eastern England, Sweden, Canada and the United States, farm tourism is poorly developed. But that does not mean that rural tourism is poorly developed. Many of the kinds of rural holidays discussed earlier are not dependent on farm situations. Accommodation can be provided by hotels and motels, small town and village bed and breakfasts, purpose built lodges, camping and caravan sites.

Diversification into rural tourism is frequently held up as a potential panacea for agriculture's ills. There is no doubt that in some areas, and for some businesses, tourism can be valuable. But there are serious problems in its universal application:

- Over 75 per cent of the land of the OECD countries is rural: there are insufficient visitors to maintain all farmers in all areas.
- Farm-based tourism does not reduce productivity on many farms. In some cases, additional tourism earnings are invested to increase agricultural productivity. Therefore, farm surpluses in OECD countries could continue to grow, leading to falling prices and quota restrictions, and a further round of farm problems.
- Some areas are unsuitable for intensive tourism development because of remoteness, lack of scenic or heritage attractions, and other factors.
- Successful farm tourism development seems to require effective co-operative marketing and development efforts. Many areas have no tradition of co-operation between farmers, or between farmers and governmental agencies.

The key relationship in rural tourism is between tourism development and comprehensive rural development, embracing rural services, new enterprise attraction, conservation, a wider role for women and inward investment. Agriculture has an important role to play in rural tourism, but it is but one facet amongst many: it may be of greater or lesser importance depending on local, regional and national circumstances.

15. Monthly hotel occupancy rates

		Austria (B)	Belgium (B)	Finland[1] (R)	Germany[10] (B)	Italy (B)	Netherlands[11] (B)	Norway[2] (B)	Portugal[8] (B)	Spain (B)	Sweden[3] (B)	Switzerland[9] (B)	Turkey[4] (B)	United Kingdom[5] (B)	Australia[6] (B)	Japan[7] (R)
1990	January	27.2	19.1	42.0	27.4	26.3	15.6	28.8	31.9		24.5	28.7	25.3	29.0	38.6	65.0
	February	27.2	23.0	48.6	33.0	31.2	18.6	38.9	36.5		32.2	38.7	29.6	36.0	30.1	78.0
	March	27.2	25.4	52.5	33.6	33.8	16.9	39.7	46.6		33.5	40.0	32.7	38.0	31.3	79.1
	April	27.2	32.7	47.6	38.9	37.8	17.6	30.5	57.5		29.5	32.7	46.4	47.0	33.8	77.7
	May	31.8	33.3	48.6	45.9	34.3	22.5	27.8	52.8		31.3	29.5	52.8	48.0	28.1	79.6
	June	31.8	33.9	52.0	50.6	43.4	37.4	43.4	55.2		34.8	39.8	57.2	53.0	28.8	78.5
	July	31.8	41.2	53.0	55.7	55.7	43.9	51.1	60.4		45.4	50.9	69.0	58.0	32.1	78.5
	August	31.8	42.1	52.7	56.1	70.5	46.7	43.6	76.3		36.4	54.5	67.8	61.0	30.4	84.7
	September	31.8	35.1	51.9	54.4	48.4	19.9	33.0	69.4		30.6	47.6	56.0	57.0	35.5	80.5
	October	31.8	32.1	49.6	47.0	37.5	21.3	28.7	57.8		27.2	33.0	44.2	49.0	33.1	83.3
	November	29.0	27.2	48.5	33.2	25.5	20.8	27.6	40.1		25.6	18.0	31.7	40.0	30.2	82.0
	December	29.0	23.1	33.5	30.0	26.1	20.5	23.9	31.9		17.5	23.4	28.3	34.0	28.8	64.6
1991	January	29.0	12.3	38.1	28.9	26.0	16.3	26.5	30.2	38.3	20.5	29.4	21.5	24.0	35.4	62.7
	February	29.0	16.4	45.2	34.3	30.3	20.4	39.3	37.1	41.9	28.0	41.2	22.6	32.0	27.6	78.0
	March	29.0	11.8	45.9	37.3	35.7	28.0	40.1	44.6	45.9	29.0	42.4	25.8	40.0	31.0	79.9
	April	29.0	17.5	44.6	39.0	33.1	41.2	31.3	49.7	46.8	27.2	29.2	29.3	39.0	30.4	76.6
	May	33.9	19.8	43.0	47.1	35.3	45.3	27.8	57.3	49.1	25.1	28.7	31.1	46.0	26.4	77.2
	June	33.9	22.0	48.0	50.4	44.5	42.6	44.6	58.9	53.2	30.6	37.3	36.2	44.0	28.2	75.9
	July	33.9	47.3	48.8	56.7	58.5	47.3	54.8	63.7	62.4	39.9	49.4	46.3	53.0	31.6	75.8
	August	33.9	46.4	46.3	59.4	70.5	54.3	44.9	76.2	77.6	32.2	55.3	59.0	57.0	30.3	81.1
	September	33.9	19.5	44.4	55.7	48.1	46.5	32.5	70.0	64.1	25.3	46.8	54.2	54.0	34.7	76.2
	October	33.9	12.1	41.1	48.7	37.1	36.2	29.1	54.9	52.0	23.6	33.2	41.5	42.0	34.6	82.7
	November		12.8	41.1	33.5	25.0	27.7	28.6	43.1	44.8	22.7	17.6	30.5	31.0	31.2	82.6
	December		13.8	27.8	30.4	25.4	21.5	24.0	29.8	39.2	12.8	23.8	27.3	28.0	28.8	62.4
1992	January	29.7	11.2	31.6	29.4		19.7	28.0	29.2		19.4	32.1	24.6	21.0	34.8	
	February	29.7	14.2	39.5	34.7		22.1	38.3	35.1		26.0	40.3	30.5	28.0	28.0	
	March	29.7	14.2	42.7	35.2		26.7	37.0	42.4		26.1	40.5	26.6	31.0	29.5	
	April	29.7	14.5	38.8	40.5		44.7	29.1	50.9		23.1	30.8	39.0	36.0	32.8	
	May	33.6	15.2	37.9	46.3		48.7	29.6	55.4		25.2	28.4	55.4	41.0	27.4	
	June	33.6	15.0	43.9	50.0		45.5	44.1	50.3		29.7	37.0	65.0	44.0	27.3	
	July	33.6	27.9	48.6	55.8		48.7	57.6	51.0		41.5	48.3	63.1	52.0	31.6	
	August	33.6	33.0	43.4	57.0		55.1	46.1	67.4		32.0	52.7	70.9	51.0	29.9	
	September	33.6	20.0	41.3	54.4		42.9	33.6	58.4		24.9	44.9	64.0	48.0	34.5	
	October	33.6	17.5	38.5	46.9		33.4	28.8	48.3		21.7	29.2	54.7	42.0	34.5	
	November	29.7	16.9	38.8	32.0		24.2	26.9	30.7		21.1	15.9	30.8	32.0	31.2	
	December	29.7	15.0	28.3	29.5		20.1	23.6	28.9		18.5	24.0	29.4	27.0	30.2	

B = Beds.
R = Rooms.
Occupancy rates registered in hotels only, unless otherwise stated.
1. Finland: room occupancy rates in hotels and similar establishments.
2. Norway: Bed occupancy rates covers registered accommodation with 20 beds or more.
3. Sweden: occupancy rates in hotels, motels, resort hotels, holiday villages and youth hostels.
4. Turkey: bed occupancy rates in hotels, motels, boarding houses, inns, holiday villages, thermal resorts and campings.
5. United Kingdom: figures apply to England only.
6. Australia: quarterly figures in bed-places in hotels and motels with facilities in most rooms.
7. Japan: rates concerning hotels which are members of the "Japan Hotel Association".
8. Portugal: bed occupancy rates in hotels, studio-hotels, motels and state-owned inns.
9. Switzerland: bed occupancy rates in hotels, motels and inns.
10. Germany: bed occupancy rates cover registered accommodation with 9 beds or more; the data relate to the territory of the Federal Republic of Germany prior to 3rd October 1990.
11. Netherlands: bed occupancy rates in all means of accommodation.

1. Tourism from European Member countries[1]

	Arrivals at frontiers[2]			Arrivals at all means of accommodation[3]			Nights spent in all means of accommodation[4]		
	Volume 1992 (thousands)	% 92/91	% 91/90	Volume 1992 (thousands)	% 92/91	% 91/90	Volume 1992 (thousands)	% 92/91	% 91/90
Austria				16 778.5	- 1.2	6.0	93 784.6	- 0.3	8.4
Belgium							11 010.2	4.8	- 4.4
Denmark							10 730.5	11.9	14.6
Finland							1 539.4	1.4	- 1.6
France	51 816.0	6.8	8.6	51 816.0	6.8	8.6	351 758.0	6.0	12.3
Germany[5]				10 209.1	- 6.3	9.3	24 588.5	- 6.1	17.5
Greece	7 685.3	23.0	- 11.1						
Iceland	113.7	- 0.6	1.7						
Ireland	2 613.0	2.4	1.5	2 316.0	- 7.3	0.8	24 445.0	- 0.8	- 8.8
Italy	39 653.2	- 4.1	- 8.5	14 092.6	- 5.2	1.9	65 247.0	- 7.4	5.1
Luxembourg									
Netherlands				5 053.1	2.7	4.9	15 910.8	4.5	7.5
Norway							3 571.0	7.6	17.1
Portugal	8 292.4	2.6	9.6	3 820.5	- 10.1	12.1	18 520.9	- 9.0	16.4
Spain	46 589.3	- 5.5	4.4	10 154.8	2.8	4.8	70 036.3	3.4	5.6
Sweden							4 617.6	3.8	- 15.0
Switzerland				7 562.6	- 1.9	3.4	30 949.0	- 0.9	4.5
Turkey	3 007.3	63.7	- 36.4	2 663.8	75.4	- 50.0	14 301.2	85.9	- 33.0
United Kingdom	11 399.0	4.0	3.8				89 424.0	- 2.6	0.9
Canada	1 606.3	2.9	1.9				19 093.7	0.5	4.3
United States	8 064.2	12.8	10.7						
Australia	562.5	9.2	- 2.8				23 703.9	- 10.3	- 5.2
New Zealand	196.7	14.2	4.8				6 119.3	5.4	21.6
Japan	255.4	9.9	1.9						

1. Derived from tables by receiving country (see corresponding notes).
2. *Tourist* or *visitor arrivals*. When both available: *tourist arrivals*.
3. Arrivals *in all means of accommodation* or *in hotels and similar establishments*. When both available: arrivals *in all means of accommodation*.
4. Nights spent *in all means of accommodation* or *in hotels and similar establishments*. When both available: nights spent *in all means of accommodation*.
5. The data relate to the territory of the Federal Republic of Germany prior to 3rd October 1990.

2. Tourism from Canada and the United States[1]

	Arrivals at frontiers[2]			Arrivals at all means of accommodation[3]			Nights spent in all means of accommodation[4]		
	Volume 1992 (thousands)	% 92/91	% 91/90	Volume 1992 (thousands)	% 92/91	% 91/90	Volume 1992 (thousands)	% 92/91	% 91/90
Austria				710.3	30.0	- 44.8	1 734.3	25.0	- 41.9
Belgium							705.3	17.6	- 19.9
Denmark							324.2	4.2	- 26.2
Finland							172.2	1.9	- 26.3
France	2 589.0	21.2	- 16.4	2 589.0	21.2	- 16.4	22 905.0	21.1	- 17.0
Germany[5]				1 876.0	4.0	- 31.8	3 863.1	2.7	- 26.8
Greece	338.7	48.9	- 34.6						
Iceland	22.9	- 2.5	- 1.3						
Ireland	405.0	18.1	- 21.0	417.0	17.1	- 19.6	4 825.0	11.9	- 10.7
Italy	1 652.1	11.1	- 21.5	2 160.5	26.7	- 29.1	5 568.7	22.2	- 25.2
Luxembourg									
Netherlands				530.5	8.5	- 20.6	1 105.7	9.5	- 18.9
Norway							351.5	25.4	- 23.1
Portugal	222.9	8.0	- 22.8	265.5	2.9	- 29.3	774.9	- 1.6	- 26.7
Spain	971.8	23.0	- 20.5	730.0	15.8	- 26.4	1 641.9	15.9	- 26.2
Sweden							299.9	10.8	- 27.1
Switzerland				1 060.1	20.4	- 38.1	2 332.7	15.1	- 34.2
Turkey	208.8	115.4	- 59.7	174.7	73.3	- 42.2	423.7	37.7	- 20.4
United Kingdom	3 303.0	15.2	- 22.2				33 833.0	3.9	- 13.0
Canada	11 818.7	- 1.5	- 2.0				46 289.4	- 6.2	0.2
United States	18 578.5	- 2.8	10.7						
Australia	311.8	- 4.1	6.8				7 920.4	- 11.3	5.6
New Zealand	157.2	- 3.5	- 6.2				2 593.7	0.9	- 11.3
Japan	341.7	4.4	- 3.9						

1. Derived from tables by receiving country (see corresponding notes).
2. *Tourist* or *visitor arrivals*. When both available: *tourist arrivals*.
3. Arrivals *in all means of accommodation* or *in hotels and similar establishments*. When both available: arrivals *in all means of accommodation*.
4. Nights spent *in all means of accommodation* or *in hotels and similar establishments*. When both available: nights spent *in all means of accommodation*.
5. The data relate to the territory of the Federal Republic of Germany prior to 3rd October 1990.